The Manitoba Milk Producers' Marketing Board

# 12th Annual Report 1986

87-00894/

# The Manitoba Milk Producers' Marketing Board Districts

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# INTRODUCTION

This Twelfth Annual Report of The Manitoba Milk Producers' Marketing Board summarizes the many activities conducted during the 1985-86 dairy year which ended July 31, 1986.

There has not been a producer price increase in Class I milk during the 1985-86 dairy year. This has been due in large part to declining interest rates and lower feed grain prices during this period which has offset increases in other areas of production. The Canadian Dairy Commission announced an increase of 92 cents per hectolitre in the offer to purchase program with 12 cents per hectolitre going to the Processor and 18 cents per hectolitre going to assist interest and carrying charges on inventory purchased by the Commission. These charges are no longer borne by the Canadian government. The remaining 62 cents per hectolitre went to industrial milk production.

We have enjoyed a marked increase in fluid milk sales in 1985-86. Fluid sales are up 2.2% over 1984-85 and are the highest ever recorded since the Board's inception. Much of the credit is due to the Board's fluid milk promotion program. Industrial milk sales in Canada were down almost one per cent in 1985-86. However, the Canadian Milk Supply Management Committee decided not to reduce Market Share Quota and that remains the same for at least the first half of the 1986-87 dairy year.

Your Board did over-issue quota in the past year but increased fluid sales easily absorbed the over-issue and allowed quota for the beginning of the new dairy year to remain the same as 1985-86. In-quota levies have been $5.14 per HL on the industrial portion of 98% of a producer's T.A.P. and $30.00 per HL on 2% of the quota and up to 101% of total quota. The over-quota levy was $38.00 per hectolitre. In-quota levies of $5.13 per HL were applied at the beginning of the 1986-87 dairy year beginning August 1, 1986.

Board members have continued to serve on various national committees; two of the most important being the Canadian Milk Supply Management Committee and the National Milk Recording Committee. As well, members have served on the Board of Directors of the Dairy Bureau of Canada and the Dairy Farmers of Canada. Also, each Board member serves on various committees conducting Board business throughout the year.

The marketing and promotion of milk in Manitoba continues as a major Board responsibility.

## BOARD MEMBERS

A. V. Rampton - Chairman
Dauphin

L. Balcaen - Vice-Chairman
La Broquerie

C. Finnie - Executive Member
Portage la Prairie

Reinhard Dueck - Member
Kleefeld

A. Goresky - Member
Stonewall

C. J. Knockaert - Member
Bruxelles

G. Krebs - Member
Beausejour

J. van den Ham - Member
Brandon

J. D. Wilton - Member
Carman

C. W. Vincent - General Manager
Winnipeg

## DISTRICT ELECTIONS

Nominations were called during October, 1985 for Board Members to represent Districts No. 2, 5, and 8. All incumbent Board Members were in by acclamation.

Terms of office for Board Members representing Districts No. 3, 6, and 9 expire in December of this year and nominations have been called for these districts.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
STANDING ADVISORY COMMITTEES

**EXECUTIVE:** A. V. Rampton, L. Balcaen, C. Finnie

**COST OF PRODUCTION**
L. Balcaen
Reinhard Dueck
C. J. Knockaert
A. V. Rampton

**CREAM ADVISORY**
L. Balcaen
A. V. Rampton
P. Ginter
F. Kolesar
P. Leochko
J. Wityshyn

**DAIRY PROMOTION**
A. Goresky
C. J. Knockaert
G. Krebs
J. van den Ham
A. V. Rampton
M. E. Adam
B. L. Fraser
A. J. Gale
P. A. McCarthy Briggs
C. W. Vincent

**FINANCE**
C. Finnie
A. V. Rampton
J. van den Ham

**MARKET SHARE QUOTA**
L. Balcaen
A. V. Rampton
C. W. Vincent

**PROCESSOR RELATIONS**
C. Finnie
A. Goresky
A. V. Rampton
J. van den Ham

**SUPPLY & ALLOCATION**
Reinhard Dueck
C. J. Knockaert
A. V. Rampton
J. D. Wilton

**TRANSPORTATION**
C. Finnie
A. Goresky
G. Krebs
A. V. Rampton
J. Mourant
G. Tetrault

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**CANADIAN MILK RECORDING**
L. Balcaen

**CANADIAN MILK SUPPLY MANAGEMENT**
L. Balcaen
A. V. Rampton
W. R. English
C. W. Vincent

**DAIRY BUREAU OF CANADA**
A. V. Rampton, Director

**DAIRY FARMERS OF CANADA**
L. Balcaen, Director
A. V. Rampton, Director

**KEYSTONE AGRICULTURAL PRODUCERS**
A. V. Rampton)Board Rep.
J. D. Wilton )

**MANITOBA AGRICULTURAL EMPLOYMENT DEVELOPMENT**
C. Finnie
G. Krebs

**MANITOBA AGRICULTURAL SERVICES CO-ORDINATIVE COMMITTEE**
L. Balcaen

**MANITOBA MILK RECORDING**
L. Balcaen
Reinhard Dueck

**D.F.C.-NAT. CO-OPERATIVE DAIRY CATTLE BREEDING PROJECT**
L. Balcaen - 4 year term

## BOARD MEETINGS

During the twelve months ending July 31, 1986 a total of 22 regular meetings of the Board were convened. Since a number of the meetings held were of more than one day's duration, in all a total of 35 days were involved. Many additional days of Members' time were taken up in attendance at meetings of the various committees of the Board and of other organizations with which the Board is affiliated.

## DISTRICT MEETINGS

During the month of April 1986, a total of 16 meetings in the various milk producing areas of the Province had been scheduled. However, discussions on quota transfer had not progressed to the extent expected and as a result all meetings were postponed with the intent of re-scheduling at a later date. As further delays were occasioned in the negotiations, it was decided to cancel these meetings.

In addition, as stipulated in the Admininistration By-Law No. 1 of the Board, an Annual District Meeting was held during the period October 1st to the 20th, 1986 in each of the 9 electoral districts into which the Province is divided for Board purposes. The Notice of Meeting mailed tc producers is reproduced on the following page.

TELEPHONE
786-6053

THE MANITOBA MILK PRODUCERS' MARKETING BOARD

#104 - 1580 DUBLIN AVENUE
WINNIPEG, CANADA
R3E 0L4

## NOTICE OF ANNUAL DISTRICT MEETINGS 1986

Annual District Meetings of The Manitoba Milk Producers' Marketing Board will be held at 8:00 P.M. on the dates listed below:-

| | | |
|---|---|---|
| District 1 | Friday<br>October 3 | SHOAL LAKE, Manitoba<br>Buffalo Plains Inn |
| District 2 | Friday<br>October 10 | BRANDON, Manitoba<br>Agricultural Extension Centre |
| District 3 | Wednesday<br>October 8 | PORTAGE LA PRAIRIE, Manitoba<br>Westward Village Inn<br>2401 Saskatchewan Avenue |
| District 4 | Thursday<br>October 9 | BRUXELLES, Manitoba<br>Parish Hall |
| District 5 | Monday<br>October 13 | TEULON, Manitoba<br>Teulon-Rockwood Centennial Centre |
| District 6 | Tuesday<br>October 14 | BEAUSEJOUR, Manitoba<br>Beausejour Town Hall<br>639 Park Avenue |
| District 7 | Monday<br>October 6 | WINKLER, Manitoba<br>Friendship Centre |
| District 8 | Thursday<br>October 2 | LA BROQUERIE, Manitoba<br>La Broquerie Recreation Centre Hall |
| District 9 | Tuesday<br>October 7 | GRUNTHAL, Manitoba<br>Green Valley School Library |

ELECTIONS FOR BOARD MEMBER will be conducted this year in Districts No. 3, 6 and 9. Official nomination papers are available on request from the Secretary or may be obtained at the time of the meeting in the districts in which an election is to be held.

The following subjects will be discussed plus any that you wish to raise. We hope to have an additional staff member attend to add further interest to the meetings.

1. Introduction
2. Minutes of Previous Meeting
3. Annual Meeting Attendance
4. Dairy Promotion Levy
5. Quota Allocations 1986-87
6. Quota Transfer Policy
7. Other Business

In the event it is inconvenient for you to attend the Annual District Meeting scheduled for your area, you are welcome to attend any other Annual District Meeting.

Dated at Winnipeg in Manitoba this 23rd day of September, 1986.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD
104 - 1580 DUBLIN AVENUE
WINNIPEG, MANITOBA
R3E 0L4

## APPENDIX "A"

Pursuant to Section 1 of this Administration By-Law the following nine districts are established composed of the municipalities hereinafter set out opposite the number of each district

### District #1

Alonsa
Archie
Birtle
Blanshard
Boulton
Clanwilliam
Dauphin
Ellice
Ethelbert
Gilbert Plains
Glenella
Grandview
Hamiota
Harrison
Hillsburg
Lawrence
McCreary
Miniota
Minitonas
Minto
Mossey River
Mountain #1
Mountain #2
Ochre River
Odanah
Park 1
Park 2
Rosedale
Rossburn
Russell
Ste. Rose
Saskatchewan
Shell River
Shellmouth
Shoal Lake
Silver Creek
Strathclair
Swan River
Consol
The Pas District

### District #2

Albert
Arthur
Brenda
Cameron
Cornwallis
Daly
Edward
Elton
Glenwood
Morton
North Cypress
Oakland
Pipestone
Riverside
Sifton
Wallace
Whitehead
Whitewater
Winchester
Woodworth

### District #3

Cartier
Grey
Lakeview
Langford
Lansdowne
North Norfolk
Portage la Prairie
Westbourne

### District #4

Argyle
Dufferin
Lorne
Louise
Pembina
Roblin
South Cypress
South Norfolk
Strathcona
Thompson
Turtle Mountain
Victoria

### District #5

Armstrong
Bifrost
Coldwell
Eriksdale
Fisher
Gimli
Grahamdale #1
Grahamdale #2
Rockwood
St. Laurent
Siglunes
Woodlands

### District #6

Alexander
Brokenhead
Lac Du Bonnet
McDonald
Pinawa
Reynolds
Richot
Rosser
St. Andrews
St. Clements
St. Francois Xavier
Springfield
Victoria Beach
Whitemouth
Winnipeg Area

### District #7

Franklin
Montcalm
Morris
Rhineland
Roland
Stanley

### District #8

La Broquerie
Piney
Ste. Anne
Stuartburn
Tache

### District #9

De Salaberry
Hanover

## MARKET SHARE QUOTA

Effective August 1, 1985 it was estimated Manitoba could produce 704,615 litres of milk per day. This was based on 100% utilization of Total Allowable Production (T.A.P.), the sum of which was made up as follows:

| | | |
|---|---|---|
| Fluid | 302,063 | |
| Industrial | 384,312 | (Domestic requirements) |
| Special Export | 18,240 | |
| | 704,615 | litres T.A.P. Daily |

Halfway through the dairy year, because of under-utilization of T.A.P. by a large number of producers, a 4% loan or "cover-off" of T.A.P. was announced. The 4% cover-off was on production for domestic requirements (levy $5.14 per Hl) and was retroactive to August 1, 1985. Effective June 1, 1986 this cover-off was reduced to 2% and the export quota portion of T.A.P. was increased from 2% to 4% for the balance of the dairy year (July 31, 1986). Manitoba's utilization of quota for the dairy year ending July, 1986 was 99.29% and as a result, there was no over-quota production after year-end adjustments.

T.A.P. base for the new dairy year commencing August 1, 1986 was estimated at 704,413 litres per day, the sum of which was arrived at as follows:

| | | |
|---|---|---|
| Total M.S.Q. - Manitoba | | 6,430,000 kg Butterfat |
| Less Special Export | - | 155,000 |
| Less Farm Separated Cream Quota | - | 1,153,000 |
| Balance available for industrial milk production | | 5,122,000 kg |

5,122,000 kg of butterfat, with an estimated test of 3.65 kg per HL of milk, will allow Manitoba to produce 140,328,767 litres of industrial milk. Add estimated fluid milk and cream sales of 112,535,754 and special export of 4,246,575 for a total of 257,111,096 litres of milk or 704,413 litres per day.

Active T.A.P. issued to producers remained unchanged August 1, 1986. However, the Board announced a 2% cover-off effective August 1, 1986. Producers were further advised the cover-off may be withdrawn at any time and that levels of T.A.P. issued would be closely reviewed in January, 1987. Milk producers were also advised T.A.P. maintenance would apply for the current dairy year.

## NATIONAL DAIRY POLICY

Agriculture Minister John Wise announced on July 29, 1986 in Ottawa increases in dairy producer and processor returns and support prices effective August 1, 1986, the beginning of the 1986-87 dairy year.

The target returns for industrial milk producers as calculated by the Federal returns adjustment formula will rise 1.4 per cent, from $45.68 to $46.30 per hectolitre (Hl) (based on 3.6 kg of butterfat per Hl). In additional, an amount of 18 cents per Hl will be added for the 1986-87 dairy year to assist in financing the carrying charges associated with the marketing of butter required to meet domestic demand. The Federal Government ceased to assume these carrying charges as of March 31, 1986. The Federal support price for butter is being increased from the current $4.929 per kg to $5.035 per kg. The new skim milk powder support price will be $2.978 per kg, up from $2.922 per kg. These price increases represent an increase in producer returns of approximately 2 per cent.

As indicated in the Federal Government's long term dairy policy announcement in January, 1986 in Winnipeg, a subsidy of $6.03 per Hl will continue to be paid on milk containing 3.6 kg of butterfat per Hl produced for domestic requirements and on 1.1 million Hl production for special export. This payment, made through the Canadian Dairy Commission in Ottawa, ensures a reasonable return to dairy farmers and moderates prices Canadian consumers pay for manufactured dairy products.

The National Market Sharing Quota (M.S.Q.) was set at 46.6 million Hl by the C.M.S.M.C. in July, 1986 (unchanged from last year). The respective levies for industrial milk for the new dairy year are as follows: in-quota levy $5.13 per Hl; special export levy $30.00 per Hl; over-quota levy $38.00 per Hl on milk and $4.00 per kg on cream. Levy rates and levels of M.S.Q. will be reviewed in January, 1987.

The "normal stocks level" for butter remains at 12 million kg.

## CREAM PRODUCTION

The "special block" of cream Market Share Quota (M.S.Q.) effective August 1, 1985 was reduced from 1,160,000 kg of butterfat M.S.Q. to 1,153,000 kg M.S.Q. to reflect a decrease in provincial M.S.Q. due to a decrease in domestic consumption in Canada. Due to a high utilization of cream M.S.Q. in the previous dairy year and an anticipated similar utilization in the dairy year commencing August 1, 1985 no new cream producers were allocated quota from reserve after March, 1985. New cream producers have, however, been allowed to commence cream production by obtaining a transfer of cream M.S.Q. from an existing producer.

There were approximately 700 cream transfers processed by the Board offices during the dairy year. It was readily apparent that cream transfers amongst cream producers in the last quarter of the dairy year were extremely effective in achieving a high utilization of cream quota and preventing many cream producers from being assessed over-quota levy. It was gratifying to see co-operation amongst both producers and creamery operators in this regard.

As at July 31, 1986 1,664 registered cream producers had produced 1,123,878 kg of butterfat to the Province's fifteen creameries and there was no over-quota production. Cream producers will therefore be entitled to subsidy on 100% of their production for the dairy year ending July 31, 1986.

The "special block" of cream M.S.Q. for the new dairy year commencing August 1, 1986 remains unchanged at 1,153,000 kg of butterfat M.S.Q.

Cream producer levies remain as follows:

| | |
|---|---|
| Over-quota levy | $4.00 per kg Bf |
| Service Charge Promotion Levy | 2.0 cents per kg Bf |
| Board Administration | 3.9 cents per kg Bf |

## REVIEW OF MILK PRODUCTION AND MARKETING

Manitoba milk production for the dairy year ending July 31, 1986 was 260,344,000 litres which was a decrease of 2,642,000 or 1% from the previous dairy year. Once again, Manitoba is one of the most "level" milk producing provinces in Canada. Average monthly milk production in Manitoba was approximately 21,700,000 litres with an average butterfat test of 3.62 kg/HL. Manitoba milk producers had shipped 3,256,000 litres over-quota by year-end which subsequently was covered by export quota unused by other producers. This generated a refund to these producers of $8.00 per HL on their over-quota levy and made this production eligible for subsidy payment.

Canadian markets for industrial milk dairy products were consistent with the previous dairy year for the first half of the year but were quite slow in the last half, which resulted in an overall decrease in consumption by year-end of-0.9%.

The Canadian Dairy Commission's cost of production formula resulted in the following change to the "target" value for industrial milk: an increase of 1.4% effective August 1, 1986 from $45.68 to $46.30 per Hl basis 3.6 kilograms of butterfat per Hl. In addition, an amount of .18 cents per HL was added for the 1986/87 dairy year to assist in financing the carrying charges referred to in the "National Dairy Policy" comments. Support prices on powder and butter increased on the above date allowing an increase in the milk price to processors and a higher payout to producers.

## TRANSPORTATION

Some of the items dealt with in transportation included fluctuating plant requirements, transporter rate formula updating and revision, gasoline prices, and another plant closure.

During the past year, Board transportation staff have had to re-assess and evaluate route assignments almost throughout the year because of varying fluid plant demands for milk. With plants changing production schedules and product lines being moved from plant to plant, it becomes increasingly difficult to gauge the amounts of milk required at specific plants. In the area of fluid plant supply more and more time is required to plan and fulfill plant requirements.

The bulk milk transporters presented the Board with updated cost factors in March, 1986. Their presentation was evaluated by the Board's transportation consultant who developed his own recommendations. After lengthy deliberations of both the presentation and the recommendations, the Board granted transporters a rate increase amounting to approximately 3.37% annually, exclusive of fuel allowance adjustments. The Board also adopted a revision to the transporter rate formula which became effective August 1, 1986 coincidentally with the transporter rate increase. This revision recognizes that some transporters achieve better vehicle utilization and fuel consumption than others because of distances between producers. As the number of producers continues to decrease, the distances between them grow longer and the inequities multiply. The revision adopted by the Board seeks to alleviate the inequities.

TRANSPORTATION continued

Falling fuel prices allowed the Board to reduce gasoline allowances from a high of 52.1 cents per litre to the current 42.8 cents per litre. Each one cent change in price means about $24,700 per year in the amount of allowance paid, therefore the above reduction represents a significant saving in transportation costs.

In late March of 1986 the cheese plant in Arborg was closed and has not been re-opened. As with other plant closures, this one too required milk to be moved greater distances to reach markets. Again, transporter routes had to be re-arranged and route destinations needed changes in order to accommodate the closure.

The Board would like to take this opportunity to acknowledge the efforts of the bulk milk transporters and express hopes for their continued co-operation and support.

The future holds many challenges which loom on the horizon and will have to be dealt with very soon. Primarily, these include the use of meters in plants and re-assignments and re-routing because of anticipated further changes in fluid plant requirements. In this regard, the Board is prepared to meet the challenges and to overcome any obstacles in order to continue providing an efficient, lowest cost milk transportation service.

## NUTRITION EDUCATION

The past year has brought about an increase in the number of Nutrition Education programs offered by The Manitoba Milk Producers. More programs lead to more participants with sound nutrition information which should be reflected in increased milk consumption.

We have continued to receive a steady stream of requests for our school teachers' inservice from across Manitoba. As the new Health Curriculum becomes mandatory in schools from kindergarten to grade 9, an increasing number of teachers appreciate the Milk Producers' nutrition inservices, as nutrition is one of the "core units" that must be taught in the classroom. As nutrition education grows in the classroom, we will see an increasing number of young people learning about milk as a part of sound nutrition, becoming part of a better educated population of milk drinkers!

Another group we are reaching this year with the nutrition - milk message is fitness instructors. As a larger percentage of the population becomes more

health conscious, the participation in fitness/aerobics classes increases. Fitness instructors often have time in their classes to do nutrition education or, at very least, are frequently asked related questions by class members. We have worked in conjunction with the Fitness Section, Manitoba Health, to develop a one-day nutrition workshop so fitness leaders will have the answers about nutrition and the facts about milk.

Research and interest in osteoporosis has offered us a tremendous opportunity to sell milk on a very positive note....calcium! Scientific research shows lack of adequate calcium throughout a lifetime in conjunction with other risk factors, to be the major cause of this crippling disease.

We offer a very flexible education program on osteoporosis - a prevention focus for younger groups, emphasizing increased consumption of dairy products (the most readily available source of calcium); an awareness program for seniors explaining the development of osteoporosis and how proper dietary calcium and exercise can help stop bone loss; and a longer inservice for educators (public health nurses, etc.) who will teach others about the disease. We have a video tape, slides and brochures to help deliver the message.

Recently the Milk Board has become involved with the Osteoporosis society of Canada's efforts to start a Manitoba Chapter. We have co-sponsored two large public forums in Winnipeg (both very well attended) and assisted with many smaller information forums throughout Manitoba. In October, we co-hosted a one-day inservice for fitness instructors on osteoporosis where physicians dealt with various aspects of the disease. We were delighted to hear them directing participants to milk and dairy products for calcium at all ages for prevention and treatment of osteoporosis.

We look forward to another good season of education next year and hope that anyone with questions about nutrition education, or wishing to obtain any of our resources, will feel free to call.

## SCHOOL MILK PROGRAM

The Manitoba School Milk Program has been in existence for three years.

The major goal of the Program has been to generate and increase the milk consumption within the Manitoba school system by creating and maintaining a strong milk presence throughout the entire school year.

A significant number of our Manitoba schools make pop available to their

SCHOOL MILK PROGRAM continued

student population at both the elementary level as well as the junior and senior high level. In a number of schools pop is the only beverage available.

Our local beverage companies make it more attractive for schools to accept a pop machine by offering free electronic scoreboards or by outfitting entire school sport teams with expensive track suits.

The School Milk Program has not only been able to meet the challenge of competing with school pop machines, in many cases, we have been able to overcome the strong influence they have on our student population.

We have been able to achieve these results because of a number of major factors:

The Manitoba Milk Producers' Marketing Board maintains a high profile within our community because our programs are synonymous with quality. Our Nutrition Education Program, along with our Provincial Fluid Milk Campaign, has done a great deal to light the way for our School Milk Program.

The key word in the School Milk Program is **"FLEXIBILITY"**. It is important to meet with each new school to discuss their needs, concerns, and finally, to help them decide on a level of participation that is comfortable for them.

K-6 ELEMENTARY PROGRAM:

This is the second year for our Elementary Program entitled "Draw on Milk"/"Tirez le Lait". The French program was presented to every dual track and French immersion school in the Province.

Participating students are encouraged to increase their milk consumption by rewarding them at designated intervals with stickers, pencil, ruler, and final graduation milk shake glass.

At the elementary level, all students may participate in our Program providing they are drinking milk at lunch hour, whether they purchase it from school, bring it in a thermos or drink it at home. This way all students have an opportunity to be a part of our Program.

All schools participating in our Elementary Program have the opportunity to compete in this year's milk consumption contest. Four dairy tasting parties (two city and two rural) will be awarded during the year to the schools consuming the most milk per capita.

"Spring Milk Madness" was introduced to encourage schools to join the School Milk Program late in the year. A promotional kit was individually designed for each participating school.

SCHOOL MILK PROGRAM continued

JUNIOR/SENIOR HIGH SCHOOL PROMOTION (MILK SPOTTERS PROGRAM):

At the junior/senior high school level we are sponsoring the "Milk Yeah Milk" Contest. This year's Contest will again feature two segments: each student spotted drinking milk receives a scratch n' win ticket with a one in five chance of being an instant winner. Prizes include: Porsche telephones, sports bags, cassette tapes, and key tags.

Students completing the entry form on the scratch n' win ticket also have the opportunity to win one of eight Porsche telephones given away on our monthly draws.

All schools participating in our Milk Spotters Contest are eligible to compete in our Milk Consumption Contest. Four video dances (two city and two rural) will be awarded to the school consuming the most milk per capita. To conclude this year's Program, all participating schools will be entered into our "Lucky Draw" with the winning school awarded a video dance.

SPECIAL EVENTS:

In May, six schools (two city and four rural) were selected to evaluate our Elementary Program. A seminar was conducted, at noon hours, with teachers and milk co-ordinators - lunch was provided courtesy of the School Milk Program. The purpose of the seminars was to obtain feed-back on this year's Program and to determine what types of promotional material they would like to see in place for the 1986/87 school year.

For the second consecutive year, the School Milk Program was involved with the Children's Festival. The School Milk Program donated prizes for a "Milk Theme" art competition. We were also available over the five days of the Festival for daily milk spotting. These positive contributions helped milk to have a much stronger presence than at prior Festivals.

## DAIRY PROMOTION

This has been a great year for advertising and promotion in Manitoba. The new television commercials "Milk Yeah Milk", produced cooperatively by five provinces: New Brunswick, Nova Scotia, Prince Edward Island, Saskatchewan and Manitoba, are a tremendous success. All the research indicates that milk sets itself apart from the other beverage commercials which, as we know, have very large budgets for television production. In order to compete with the music and high priced talent of the pop commercial, we would have to be a national

organization. It is certainly something to look at in the future.

A joint venture by the five provinces was employed again for the summer advertising and restaurant promotion "Milk on Ice". The radio commercials were musically based and of a calibre which we could not have afforded here in Manitoba. By sharing production costs with other provinces, it was possible to create something of top quality. Along with the six radio commercials on nine stations, twenty-five outdoor boards, rotated monthly, appeared during June through August. Two students, employed to visit the restaurants, delivered the point-of-sale materials i.e. table tents, placemats, menu clips, buttons for serving personnel as well as posters and decals from last summer's "Good Stuff Beautiful Milk" program. They visited 650 restaurants in Winnipeg, Brandon and 63 towns.

Naturally we will be continuing with these two joint venture programs "Milk Yeah Milk" television commercials and "Milk on Ice" summer advertising and restaurant campaign for 1987. Likely "Milk on Ice" will incorporate milk spotting again in the 1987 campaign with prizes for restaurant serving personnel as well as those spotted drinking milk.

Milk's Super Seminar, to quote the Manitoba Sports Federation, with whom we worked to carry out this event, was "a smashing success". Over 500 coaches from Manitoba attended the seminar "Psych In Sport" with top authorities in sports psychology presenting sessions. Jack Donohue, National Basketball coach, the keynote speaker at the luncheon, was at his all time best with "Motivation". Milk's $20,000 gift to amateur sport was won by ten sports; each sport received $2,000 to hold specific seminars of their own sponsored by Milk. Milk and milk products have been provided for their special events at the nutrition breaks. We appreciate the on-going support of a very capable enthusiastic committee comprised of Manitoba Sports Federation, Manitoba High Schools Athletic Association, the Manitoba Sports Directorate and the Coaching Association of Manitoba.

Two students were employed to visit fairs this year in the Milk Mobile "Milk Yeah Milk" provided by the Manitoba Milk Producers' Co-operative Association Inc. The Milk Mobile took part in the fair parades and provided the public address system for special events at the fairs. Milk and Milk products were sold at all locations. Likely the most spectacular event was "Milk on Ice" at Grand Beach for the CFRW and "Milk on Ice" Sandcastle Building Contest. The Milk Mobile was

on the beach with the 60,000 people who visit this location on the long weekend in August. The students proved to be great public relations ambassadors for the Board.

In the January through March period, we purchased radio and newspaper advertising to focus on the health issues of dairy products dealing primarily with osteoporosis. Although the purchases have been heaviest with CJOB and the Winnipeg Free Press, we extended to rural radio and the community weekly newspapers.

Once again we are sponsoring one of the major events in high school sport, the Provincial AAA Basketball Championship, in March. This year the event will be televised on CBC-TV when the top eight high school teams (girls and boys) compete at the University of Winnipeg.

Annual promotions in shopping malls, Brandon Fair, Red River Exhibition, the restaurant show, Centrex, along with cooking segments on CKY-TV and CKND-TV and radio tapes for rural radio stations continue to be part of our marketing plan. We have added to this a recipe contest in the Winnipeg Free Press and activities with the teenage nightclub "Changes".

We donate product and promotional materials for many events in the province, from Women's Institute conventions to Hockey Tournaments; and we will continue to function in this public relations capacity.

## COMPUTER OPERATIONS

During the year under review, the NCR 9090-4 mainframe computer was expanded in both memory and storage capacity. The continuing activity in the Board's operations required the extra memory for processing flexibility and the storage for added data files.

The Data Processing Department expanded the Board's computer capabilities with the acquisition of a Compaq Deskpro Model 286 Personal Computer. This equipment was chosen after a careful examination of the many offerings on the market by different manufacturers.

This personal computer gave the opportunity of utilizing a more advanced word processing system which is being extensively used by the Board's secretarial staff. There are additional accounting and operational services being planned that are available on this type of equipment.

## PROCESSING PLANT AUDIT PROGRAM

The decision by most fluid processors to utilize computers is paying off. Improved and more accurate sales accounting, data gathering for internal and external statistics, forecasting future markets and developing strategies are just some of the benefits. There is a trend amongst processors to acquire a computerized testing machine that provides a faster test result of butterfat, protein, lactose, etc. Processors who already have this equipment claim to have minimized losses and have better control of their butterfat usage.

The period under review shows an average of three visits to each processing plant. Each visit represents verification of reported milk utilization for a minimum of three months. The results of these audits is discussed with each processor, detailing any discrepancies found and stressing the importance of product and butterfat accountability.

The procedures, standards, and tests used by the audit department are duly examined by the Board's auditors and have been found to be in accordance with generally accepted accounting techniques.

## REPORT ON COST OF PRODUCTION STUDY

During 1984 the Board, with the co-operation of Manitoba Agriculture, the Manitoba Milk Prices Review Commission, and the University of Manitoba, launched a study of the cost of producing milk on Manitoba farms. Manitoba Agriculture provided the services of Heather Campbell, Economist, to help in organizing the study. Dr. Greg Mason, a Statistician from the University of Manitoba, and Adrian Strutinsky from the Milk Prices Review Commission, have also contributed their expertise. The study is funded wholly by The Manitoba Milk Producers' Marketing Board. The first full year of data will be complete at the end of 1986 and should provide a reliable source of information to those whose responsibility it is to price milk in Manitoba.

The Firm in charge of data collection is Meyers Norris Penny & Co., a well known Manitoba Firm of Chartered Accountants specializing in agricultural accounting. There is one field man who works full time with the approximately 65 herds which participate in the program.

The Cost of Production Committee of the Board has met several times with the consultants since the start of the study in order to ensure that the study is carried out in such a way that it will provide the most accurate information.

MAY & EILER
CHARTERED ACCOUNTANTS
50 GLEN AVENUE
WINNIPEG, MANITOBA
R2M 1V5

W. C. MAY, C.A.
L. K. EILER, B.A., C.A.

## AUDITORS' REPORT

To the Registered Producers of The Manitoba
Milk Producers' Marketing Board:

We have examined the statement of financial position of The Manitoba Milk Producers' Marketing Board as at July 31, 1986 and statements of operations of milk pool, administrative, transportation, promotional and northern allowance funds and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Board as at July 31, 1986 and the results of its operations and the changes in its financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

May + Eiler

Chartered Accountants

Winnipeg, Manitoba
September 9, 1986

## EXHIBIT A

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

## STATEMENT OF FINANCIAL POSITION

## AS AT JULY 31, 1986

| | 1986 | 1985 |
|---|---|---|
| CURRENT ASSETS: | | |
| Cash | $ 3,790,837 | $ 4,790,376 |
| Accounts receivable | 9,594,950 | 9,195,119 |
| Prepaid expenses | 45,910 | 99,196 |
| Total current assets | 13,431,697 | 14,084,691 |
| CURRENT LIABILITIES: | | |
| Producer cheques - unissued | 8,373,607 | 7,990,968 |
| Accounts payable and accrued liabilities | 3,499,453 | 4,626,425 |
| Total current liabilities | 11,873,060 | 12,617,393 |
| WORKING CAPITAL | 1,558,637 | 1,467,298 |
| OFFICE EQUIPMENT AND IMPROVEMENTS - | | |
| at cost | 258,127 | 228,833 |
| Less accumulated depreciation | 172,526 | 139,358 |
| Net office equipment and improvements | 85,601 | 89,475 |
| REGISTERED PRODUCERS' EQUITY AND CAPITAL EMPLOYED | $ 1,644,238 | $ 1,556,773 |
| Represented by retained income (deficit) in following Funds: | | |
| Milk Pool Administration (Exhibit C) | $ 1,812,944 | $ 1,725,555 |
| Board General (Exhibit C) | (382,089) | (397,872) |
| Market Sharing Plan (Exhibit C) | (61,869) | (66,249) |
| Transportation (Exhibit D) | 248,168 | 254,668 |
| Promotional (Exhibit E) | - | 16,542 |
| Northern Allowance (Exhibit F) | 27,084 | 24,129 |
| | $ 1,644,238 | $ 1,556,773 |

Approved by the Members

Allan Gourley. Lorne Balcaen

## EXHIBIT B

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

### STATEMENT OF MILK POOL FUND OPERATIONS
### FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|---|---|---|
| **INCOME:** | | |
| Milk sold to processors | $118,036,560 | $116,219,192 |
| Total income | 118,036,560 | 116,219,192 |
| **DISTRIBUTION:** | | |
| Payments to producers: | | |
| Net payments to producers | 100,645,351 | 98,073,397 |
| Deductions for Board controlled Funds - | | |
| Milk Pool Administration (Ex. C) | 311,710 | 126,233 |
| Board General (Ex. C) | 505,714 | 507,694 |
| Market Sharing Plan (Ex. C) | 206,786 | 214,990 |
| Promotional (Ex. E) | 1,332,845 | 1,226,712 |
| Transportation (Ex. D) | 5,274,455 | 4,990,309 |
| Northern Allowance (Ex. F) | 71,334 | 72,058 |
| Deductions determined by others: | | |
| Canadian Dairy Commission | 9,159,166 | 10,496,741 |
| Manitoba Milk Producers Co-op Inc. | 124,361 | 98,951 |
| Other deductions: | | |
| Quality penalty levy (Ex. C) | 57,325 | 73,797 |
| Total distribution to producers | 117,689,047 | 115,880,882 |
| Payments to other marketing boards: | | |
| Ontario Milk Marketing Board | 344,772 | 336,182 |
| Deductions for Board controlled Funds: | | |
| Milk Pool Administration (Ex. C) | 1,694 | 424 |
| Board General (Ex. C) | 1,047 | 1,704 |
| Total distribution to others | 347,513 | 338,310 |
| Total distribution | 118,036,560 | 116,219,192 |
| **UNDISTRIBUTED INCOME BEFORE UNDERNOTED** | - | - |
| **RECOVERABLE AMOUNT:** | | |
| Canadian Dairy Commission deductions in excess of 1986 assessment and producer refunds | 187,105 | 187,105 |
| Appropriation to Milk Pool Administration Fund (Ex. C) | (187,105) | 187,105 |
| **UNDISTRIBUTED INCOME AT BEGINNING AND END OF THE YEAR** | $ - | $ - |
| **VOLUME OF MILK (000's of litres)** | 261,217 | 263,869 |

## EXHIBIT C

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

## STATEMENT OF ADMINISTRATIVE FUNDS OPERATIONS
## FOR THE YEAR ENDED JULY 31, 1986

| | Milk Pool Administration | Board General | Market Sharing Plan | Total 1986 | Total 1985 |
|---|---|---|---|---|---|
| INCOME: | | | | | |
| Deductions (Ex. B) | | | | | |
| Milk producers... | $311,710 | $505,714 | $206,786 | $1,024,210 | $848,917 |
| Other boards..... | 1,694 | 1,047 | - | 2,741 | 2,128 |
| Quality penalties | 57,325 | - | - | 57,325 | 73,797 |
| Cream producers.... | - | - | 43,829 | 43,829 | 44,971 |
| Other income..... | 50 | 260 | - | 310 | 575 |
| | 370,779 | 507,021 | 250,615 | 1,128,415 | 970,388 |
| EXPENSE: | | | | | |
| Data processing.... | 15,172 | - | 10,133 | 25,305 | 12,565 |
| Depreciation..... | 13,599 | 3,317 | 7,297 | 24,213 | 23,227 |
| General operating.. (Note 2)..... | 45,478 | 50,905 | 31,651 | 128,034 | 107,448 |
| Members' per diem and travel..... | - | 161,084 | 18,166 | 179,250 | 184,111 |
| Memberships..... | - | 24,345 | - | 24,345 | 21,046 |
| Office occupancy... | 34,462 | 8,594 | 18,290 | 61,346 | 62,382 |
| Professional fees.. | 10,350 | 188,175 | 6,400 | 204,925 | 231,021 |
| Grants..... | - | 5,600 | - | 5,600 | 15,713 |
| Salaries and benefits..... | 277,846 | 49,218 | 154,298 | 481,362 | 525,881 |
| | 396,907 | 491,238 | 246,235 | 1,134,380 | 1,183,394 |
| NET INCOME (LOSS) FOR THE YEAR | (26,128) | 15,783 | 4,380 | (5,965) | (213,006) |
| APPROPRIATION(TO)FROM PROMOTIONAL FUND... | (73,588) | | | (73,588) | |
| MILK POOL FUND..... | 187,105 | | | 187,105 | |
| RETAINED INCOME (DEFICIT) AT BEGINNING OF THE YEAR | 1,725,555 | (397,872) | (66,249) | 1,261,434 | 1,474,440 |
| RETAINED INCOME (DEFICIT) AT END OF THE YEAR..... | $1,812,944 | $(382,089) | $(61,869) | $1,368,986 | $1,261,434 |

## EXHIBIT D

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

## STATEMENT OF TRANSPORTATION FUND OPERATIONS
## FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|---|---|---|
| INCOME: | | |
| Producer deductions (Ex. B) | $5,274,455 | $4,990,309 |
| Processor charges for diversions | - | 2,042 |
| Other freight charges to northern plants | - | 45 |
| | 5,274,455 | 4,992,396 |
| EXPENSE: | | |
| Transporter payments - | | |
| Assigned plant deliveries | 5,208,251 | 4,898,130 |
| Diversions | 62,062 | 102,652 |
| Extra pick-up | 560 | 3,789 |
| Professional fees | 5,400 | 4,950 |
| Other | 4,682 | - |
| | 5,280,955 | 5,009,521 |
| NET INCOME (LOSS) FOR THE YEAR | (6,500) | (17,125) |
| RETAINED INCOME AT BEGINNING OF THE YEAR | 254,668 | 271,793 |
| RETAINED INCOME AT END OF THE YEAR | $ 248,168 | $ 254,668 |

## EXHIBIT E

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

### STATEMENT OF PROMOTIONAL FUND OPERATIONS
### FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|---|---|---|
| INCOME: | | |
| Producer deductions (Ex. B) | $1,332,845 | $1,226,712 |
| Interest income | 490,294 | 588,326 |
| | 1,823,139 | 1,815,038 |
| EXPENSE: | | |
| Advertising - | | |
| Direct-Provincial | 222,981 | 265,216 |
| Dairy Bureau of Canada - National | 1,161,701 | 1,088,409 |
| Data processing | 4,018 | - |
| Depreciation | 8,955 | 8,591 |
| Insurance | 1,336 | - |
| Market research | - | 10,835 |
| Members' per diem and travel | 2,396 | 5,094 |
| Occupancy | 22,519 | 22,843 |
| Office supplies | 9,258 | 9,482 |
| Postage and telecommunication | 16,078 | 13,137 |
| Printing | 5,341 | 783 |
| Promotional events and programs | 54,044 | 71,088 |
| Promotional materials | 206,798 | 145,326 |
| Salaries and benefits | 163,295 | 131,271 |
| Staff travel and meetings | 28,553 | 23,072 |
| Other | 5,996 | 3,349 |
| | 1,913,269 | 1,798,496 |
| NET INCOME (LOSS) FOR THE YEAR | (90,130) | 16,542 |
| APPROPRIATION FROM MILK POOL ADMINISTRATION FUND | 73,588 | - |
| RETAINED INCOME AT BEGINNING OF THE YEAR | 16,542 | - |
| RETAINED INCOME(DEFICIT) AT END OF THE YEAR | $ - | $ 16,542 |

## EXHIBIT F

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

### STATEMENT OF NORTHERN ALLOWANCE FUND OPERATIONS
### FOR THE YEAR ENDED JULY 31, 1986

| | 1986 | 1985 |
|---|---|---|
| INCOME: | | |
| Producer deductions (Ex. B) | $71,334 | $72,058 |
| EXPENSE: | | |
| Payments to northern producers | 68,379 | 64,583 |
| NET INCOME FOR THE YEAR | 2,955 | 7,475 |
| RETAINED INCOME AT BEGINNING OF THE YEAR | 24,129 | 16,654 |
| RETAINED INCOME AT END OF THE YEAR | $27,084 | $24,129 |

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

## STATEMENT OF CHANGES IN FINANCIAL POSITION
## FOR THE YEAR ENDED JULY 31, 1986

| CASH PROVIDED BY (USED IN) | 1986 | 1985 |
|---|---|---|
| Operating activities: | | |
| (Loss) net income of Funds - | | |
| Administrative Funds (Ex. C)..... | $ (5,965) | $(213,006) |
| Transportation Fund (Ex. D)..... | (6,500) | (17,125) |
| Promotional Fund (Ex. E)..... | (90,130) | 16,542 |
| Northern Allowance Fund (Ex. F)..... | 2,955 | 7,475 |
| Milk Pool Fund (Ex. B)..... | 187,105 | - |
| | 87,465 | (206,114) |
| Non-cash items included in above - | | |
| Depreciation of equipment..... | 33,167 | 31,818 |
| | 120,632 | (174,296) |
| CASH (USED IN) | | |
| Investing activities: | | |
| Purchase of equipment | (29,293) | (8,494) |
| | (29,293) | (8,494) |
| INCREASE(DECREASE)IN WORKING CAPITAL POSITION FOR THE YEAR..... | 91,339 | (182,790) |
| CASH PROVIDED BY (USED IN) OPERATION OF WORKING CAPITAL COMPONENTS*..... | (1,090,878) | 1,307,335 |
| INCREASE(DECREASE) IN CASH POSITION FOR THE YEAR..... | (999,539) | 1,124,545 |
| CASH POSITION AT BEGINNING OF THE YEAR..... | 4,790,376 | 3,665,831 |
| CASH POSITION AT END OF THE YEAR..... | $3,790,837 | $4,790,376 |
| *Analysis of cash changes in working capital components: | | |
| Accounts receivable..... | $(399,831) | $260,791 |
| Prepaid expenses..... | 53,286 | 10,755 |
| Producer cheques - unissued..... | 382,639 | 127,412 |
| Accounts payable and accrued liabilities | (1,126,972) | 908,377 |
| | $(1,090,878) | $1,307,335 |

## THE MANITOBA MILK PRODUCERS' MARKETING BOARD

### NOTES TO FINANCIAL STATEMENTS
### JULY 31, 1986

1. Summary of Activities and Significant Accounting Policies:
The Manitoba Milk Producers' Marketing Board is responsible under the statutes of Manitoba for the control and regulation of the marketing of milk in the province.

Milk Pool Fund -

(a) Selling prices - The value of milk sold to processors is determined by its final product use. The Board sets the prices charged to processors except for Class I milk which is set by the Manitoba Milk Prices Review Commission. For purposes of accountability to producers the Board credits income from processor sales to a milk pool fund.

(b) Cost of sales - Income from processor sales in the milk pool fund referred to above is paid to the individual producers based on the quality and quantity of milk shipped. The operation of the milk pool is accounted for in Exhibit B.

Producer Deduction Funds -

Operating expenses - The Board is authorized through provincial statute to deduct fees from producer milk pool payments to cover operating expenses. Such deductions are accounted for separately in Exhibits C, D, E and F.

Office Equipment and Improvements -

Office equipment and improvements are generally valued at cost. Depreciation is provided for on the straight-line basis over an estimated life of 5 years for equipment and the lease term for improvements.

2. General Operating Expense:

| | Milk Pool | Board General | Market Sharing Plan | Total |
|---|---|---|---|---|
| Advertising | $ 16 | $ 1,255 | $ - | $ 1,271 |
| Annual meeting | - | 11,274 | - | 11,274 |
| Dairy Farmers of Canada 1986 meeting deficit | - | 6,328 | - | 6,328 |
| Insurance | 1,684 | 7,944 | 1,002 | 10,630 |
| Office supplies | 22,031 | 4,500 | 6,297 | 32,828 |
| Postage and telecommunication | 17,298 | 13,561 | 10,192 | 41,051 |
| Staff travel | 3,533 | 5,143 | 13,911 | 22,587 |
| Sundry | 916 | 900 | 249 | 2,065 |
| | $45,478 | $50,905 | $31,651 | $128,034 |
| 1985 for comparison | $35,468 | $43,970 | $28,010 | $107,448 |

3. Commitments:

Operating lease for office space at a base rental of $56,520 per annum until March 31, 1987. Annual share of property taxes, maintenance and electrical costs are added to this rental ($25,907 in 1986).

Operating lease for office equipment at $7,924 per annum until November 1989.

4. Pension Plan:

Employees of the Board participate in the Manitoba Civil Service Superannuation Board pension plan which is a defined benefit plan. The Board participates in the plan on a defined contribution basis whereby it contributes to the plan a fixed amount equal to the amount contributed by the employees. Pension expense of $31,415 represents the fixed contributions made during the year and is included in salaries and benefits.

5. Elected Members Per Diem and Travel Expenses:

Members are paid a per diem of $123 and the Chairman $170 for time spent at meetings or on business matters of the Board.

| | 1986 | 1985 |
|---|---|---|
| Per diems paid..... | $118,824 | $125,776 |
| Travel and other expenses..... | 62,822 | 63,429 |
| | $181,646 | $189,205 |

6. Comparative Figures:

Certain of the 1985 comparative figures have been reclassified to conform with the current year's presentation.

7. Litigation:

The Board is involved as a plaintiff in a lawsuit the outcome of which cannot presently be determined with certainty. This contingent gain has not been recognized in the accounts.

## MANITOBA MILK POOL RESULTS

## AUGUST 1985 TO JULY 1986

| | |
|---|---|
| Total Manitoba Production | 260,343,629 L |
| Shipments from O.M.M.B. | 873,090 L |
| Total Pool | 261,216,719 L |

| | Litres each Class | Value per HL | Net Pool Revenue |
|---|---|---|---|
| Class 1 | 106,065,744 | $53.00 | |
| Class 2 | 6,323,431 | 43.73 | |
| Class 2A | 9,968,313 | 43.02 | |
| Class 2B | 6,971,284 | 42.79 | |
| Class 3 | 43,334,207 | 38.89 | |
| Class 3A | 25,544,341 | 38.95 | |
| Class 4 | 5,266,758 | 39.62 | |
| Class 5 | 38,287,270 | 39.16 | |
| Class 6 | 8,910 | 39.09 | |
| Class 7 | (245,232) | 37.99 | |
| Unsaleable | 76,415 | 39.09 | |
| PRODUCTION IN/DE/IN/TAP | 241,601,441 | 45.56 | |
| Less Diversion Costs | | .02 | |
| Pool Administration | | .12 | |
| PRICE/HL IN/DE/IN/TAP | | $45.42 | $109,739,009.46 |
| PRODUCTION OVER/DE CLASS 3 | 3,585,131 | 38.76 | 1,389,628.75 |
| INSTITUTIONAL CLASS 3 | 89,729 | 38.75 | 34,771.80 |
| PRODUCTION FOR EXPORT CLASS 3 | 3,197,119 | 38.83 | 1,241,291.89 |
| PRODUCTION OVER/TAP CLASS 3 | 11,551,549 | 38.83 | 4,485,344.85 |
| Saskatchewan Class 5 | 318,660 | 34.70 | 110,586.71 |
| TOTAL OVER/TAP | 11,870,209 | 38.72 | 4,595,931.56 |
| O.M.M.B. | 873,090 | 38.90 | 339,644.79 |
| TOTAL POOL | 261,216,719 | 44.92 | 117,340,278.25 |
| TOTAL POOL 1984/85 | 263,869,191 | 43.76 | $115,480,848.83 |

## FLUID AND INDUSTRIAL UTILIZATION SUMMARY

| | | | |
|---|---|---|---|
| Manitoba Production Within 98% of TAP | | 245,276,301 L | 100.0000% |
| Less Litres Ineligible for Subsidy: | | | |
| Used for Cl.1 (Fluid 43.2434%) | 106,065,744 L | | |
| Plus 6.2% for creams | 6,576,076 L | 112,641,820 L | 45.9245% |
| Balance for Manufactured Products | | 132,634,481 L | 54.0755% |

Export Production (Eligible for Subsidy) plus Over/TAP 15,067,328

Average Butterfat content 3.62286 kg/HL in Manitoba Production.

MANITOBA MILK PRODUCTION
AUGUST 1, 1985 - JULY 31, 1986

(IN MILLIONS OF LITRES)

| | Total Volume | Total Previous Year | Percent Change |
|---|---|---|---|
| 1985 | | | |
| August | 21.07 | 21.54 | -2.19% |
| September | 20.41 | 21.38 | -4.56% |
| October | 20.87 | 22.01 | -5.15% |
| November | 20.57 | 21.46 | -4.12% |
| December | 21.85 | 22.97 | -4.85% |
| 1986 | | | |
| January | 22.52 | 23.33 | -3.59% |
| February | 20.59 | 20.87 | -1.37% |
| March | 23.07 | 22.78 | +1.32% |
| April | 22.31 | 21.70 | +2.79% |
| May | 22.98 | 22.53 | +1.98% |
| June | 22.38 | 21.38 | +4.68% |
| July | 21.72 | 21.05 | +3.20% |
| | 260.34 | 263.00 | -1.00% |

## PRICES PAID BY PROCESSORS FOR EACH CLASS OF UTILIZATION
($/cents per hectolitre)

| | June 1982 | October 1982 | June 1983 | October 1983 |
|---|---|---|---|---|
| Class 1 | *46.03 | **46.33 | 46.33009 | 46.33009 |
| Class 2 | 37.05 | 38.48 | 39.36 | 40.50 |
| Class 2A | 36.34 | 37.77 | 38.65 | 39.79 |
| Class 2B | 36.12 | 37.55 | 38.43 | 39.57 |
| Class 3 | 32.35 | 33.76 | 35.15 | 36.28 |
| Class 4 | 33.03 | 34.44 | 35.83 | 36.96 |
| Class 5 | 33.25 | 34.69 | 35.33 | 36.47 |
| Class 6 | 32.35 | 33.76 | 35.15 | 36.28 |

| | June 1984 | October 1984 | June 1985 | September 1985 |
|---|---|---|---|---|
| Class 1 | 51.00 | 51.00 | 53.00 | 53.00 |
| Class 2 | 41.77 | 42.59 | 42.59 | 43.81 |
| Class 2A | 41.06 | 41.88 | 41.88 | 43.10 |
| Class 2B | 40.84 | 41.66 | 41.66 | 42.88 |
| Class 3 | 37.06 | 37.88 | 37.88 | 38.63 |
| Class 3A | - | 37.88 | 37.88 | 38.63 |
| Class 4 | 37.74 | 38.56 | 38.56 | 39.31 |
| Class 5 | 37.50 | 38.32 | 38.32 | 39.23 |
| Class 6 | 37.06 | 37.88 | 37.88 | 38.63 |
| Class 7 | - | 37.88 | 37.88 | 38.63 |

* $46.02859 - June 1982
** $46.33009 - October 1982

| | June 1986 | September 1986 |
|---|---|---|
| Class 1 | 53.00 | 53.00 |
| Class 2 | 43.81 | 44.73 |
| Class 2A | 43.10 | 44.02 |
| Class 2B | 42.88 | 43.80 |
| Class 3 | 38.99 | 39.99 |
| Class 3A | 38.99 | 39.99 |
| Class 4 | 39.67 | 40.67 |
| Class 5 | 39.23 | 40.03 |
| Class 6 | 38.99 | 39.99 |
| Class 7 | 38.99 | 39.99 |

## AVERAGE PRODUCER REVENUE (HECTOLITRE)

| | Pool Price | Producer Price with CDC Subsidy less CDC Levies |
|---|---|---|
| June 1977 | $24.13 | $25.77 |
| October 1977 | 25.13 | 26.40 |
| June 1978 | 25.52 | 27.30 |
| September 1978 | 26.22 | 27.72 |
| June 1979 | 27.18 | 29.00 |
| September 1979 | 27.99 | 29.52 |
| June 1980 | 30.47 | 32.20 |
| September 1980 | 31.54 | 33.24 |
| June 1981 | 34.05 | 35.96 |
| September 1981 | 37.23 | 38.68 |
| June 1982 | 38.29 | 39.99 |
| September 1982 | 39.64 | 40.55 |
| June 1983 | 39.87 | 40.50 |
| September 1983 | 40.89 | 41.21 |
| June 1984 | 42.94 | 43.34 |
| September 1984 | 43.43 | 43.83 |
| June 1985 | 44.39 | 44.63 |
| September 1985 | 45.05 | 45.19 |
| June 1986 | 44.96 | 44.51 |
| September 1986 | 46.12 | 46.19 |

## ASSESSMENTS AND LEVIES

The deductions made on payments to producers for marketing costs are currently as follows:

1. Transportation - variable rates according to volume and distance.
2. Milk Pool Administration - 14 cents per HL.
3. Board Operation - 19.4 cents per HL (Manitoba Regulation 174/84).
4. Northern Equalization - 2.74 cents per HL (Manitoba Regulation 85/82).
5. Dairy Promotion - 52 cents per HL on milk production (Man. Reg. 121/85).
   - 2 cents per kg B.F. on farm-separated cream deliveries (Manitoba Regulation 211/85).
6. Market Share Quota Administration - 14 cents per HL on industrial milk portion of total milk shipments.
   3.9 cents per kg B.F. on cream deliveries (Man. Reg. 160/84).
7. Canadian Dairy Commission levies to dispose of surplus stock:
   - Within quota levy level I - $5.13 per HL on the industrial milk portion of shipments up to 98% of a milk producer's T.A.P.
   - level II - $30.00 per HL on all milk (industrial) between 98% and 100% of a milk producer's T.A.P.
   - Over-quota levy - $38.00 per HL on production over T.A.P. year-to-date.
   - Holdback from subsidy - 30.15 cents per HL on Class I volume (Fluid Skim-off Levy).

## FEDERAL DAIRY PRODUCT SUPPORT PRICES
($/cents per kilogram)

| | Skim Milk Powder | Butter | Cheddar Cheese |
|---|---|---|---|
| January 1, 1980 | $1.97 | $3.26 | $1.32 |
| April 1, 1980 | 2.01 | 3.34 | 1.32 |
| August 1, 1980 | 2.13 | 3.51 | 1.32 |
| January 1, 1981 | 2.20 | 3.63 | 1.32 |
| April 1, 1981 | 2.28 | 3.78 | 1.32 |
| August 1, 1981 | 2.37 | 3.95 | 1.32 |
| January 1, 1982 | 2.46 | 4.13 | 1.32 |
| April 1, 1982 | 2.50 | 4.17 | 1.32 |
| August 1, 1982 | 2.59 | 4.33 | 1.32 |
| January 1, 1983 | 2.61 | 4.38 | 1.32 |
| April 1, 1983 | 2.65 | 4.42 | 1.32 |
| August 1, 1983 | 2.72 | 4.55 | 1.32 |
| January 1, 1984 | 2.74 | 4.60 | 1.32 |
| April 1, 1984 | 2.79 | 4.71 | 1.32 |
| August 1, 1984 | 2.85 | 4.784 | 1.32 |
| August 16, 1985 | 2.922 | 4.929 | 1.32 |
| August 1, 1986 | 2.978 | 5.035 | 1.32 |

## FEDERAL SUBSIDIES PAYABLE ON INDUSTRIAL MILK DELIVERIES WITHIN M.S.Q.
($/cents per unit)

| | Milk HL | Butterfat kg |
|---|---|---|
| April 1, 1974 | $5.22 | $1.449 |
| June 1, 1974 | 5.81 | 1.612 |
| April 1, 1975 | 6.03 | 1.676 |
| April 1, 1976 | 6.03 | 1.676 |
| April 1, 1977 | 6.03 | 1.676 |
| April 1, 1978 | 6.03 | 1.676 |
| August 1, 1979 | 6.03 | 1.676 |
| August 1, 1980 | 6.03 | 1.676 |
| August 1, 1981 | 6.03 | 1.675 |
| August 1, 1982 | 6.03 | 1.675 |
| August 1, 1983 | 6.03 | 1.675 |
| August 1, 1984 | 6.03 | 1.675 |
| August 1, 1985 | 6.03 | 1.675 |
| August 1, 1986 | 6.03 | 1.675 |

## COMPARISON OF CLASS I SALES

## FOR 12 MONTH PERIOD - AUGUST 1, 1985 - JULY 31, 1986

(IN MILLIONS OF LITRES)

| | Total Current Period | Total Previous Period | Percentage Change |
|---|---|---|---|
| 1985 | | | |
| August | 8.90 | 8.83 | +0.83 |
| September | 8.34 | 8.21 | +1.65 |
| October | 9.19 | 9.14 | +0.58 |
| November | 8.96 | 9.08 | -1.31 |
| December | 8.77 | 8.44 | +3.89 |
| 1986 | | | |
| January | 9.43 | 9.03 | +4.39 |
| February | 8.37 | 8.21 | +1.94 |
| March | 8.96 | 8.75 | +2.35 |
| April | 8.87 | 8.78 | +1.00 |
| May | 9.22 | 9.09 | +1.45 |
| June | 8.43 | 8.08 | +4.37 |
| July | 8.62 | 8.18 | +5.45 |
| | 106.06 | 103.82 | +2.17 |

BREAKDOWN OF SALES AND MANUFACTURE OF DAIRY PRODUCTS

WITHIN FLUID PLANTS DURING THE PERIOD

AUGUST 1984 TO JULY 1986

| SALES | 1984 - 1985 | | 1985 - 1986 | |
|---|---|---|---|---|
| | Litres in 000's | % | Litres in 000's | % |
| Class I | | | | |
| - Homogenized and Special | 31,662 | 30.50 | 30,679 | 28.92 |
| - Partly Skimmed | 60,548 | 58.32 | 62,224 | 58.67 |
| - Skim | 7,335 | 7.07 | 8,606 | 8.11 |
| - Buttermilk | 844 | 0.81 | 850 | 0.80 |
| - Chocolate (90%) | 3,428 | 3.30 | 3,707 | 3.50 |
| Total Class I | 103,817 | 100.00 | 106,066 | 100.00 |
| Class II | | | | |
| - Cereal and 18% Cream | 2,127 | 46.00 | 2,182 | 47.74 |
| - Whipping | 872 | 18.85 | 908 | 19.86 |
| - Salad/Sour | 1,626 | 35.15 | 1,481 | 32.40 |
| Total Class II | 4,625 | 100.00 | 4,571 | 100.00 |

| MANUFACTURE | 1984 - 1985 | 1985 - 1986 |
|---|---|---|
| | Litres in 000's | Litres in 000's |
| Class IIA | | |
| - Cottage Cheese, including Dressing and Starter, Spread Cheese | 8,752 | 7,897 |
| - Yogurt | 1,567 | 1,723 |
| - Egg Nog | 514 | 547 |
| Class IIB | | |
| - Ice Cream, Ice Milk, Milkshake and Sherbet Mixes | 6,305 | 6,383 |

## Manitoba Regulation 247/85

*Being Order 2/85 of The Manitoba Milk Producers' Marketing Board (herein called the "Board") made under The Manitoba Milk Producer's Marketing Plan (herein called the "Plan") being Manitoba Regulation 185/84 and The Natural Products Marketing Act.*

*(Filed November 21, 1985)*

### MILK MARKETING QUOTA ORDER

### PART I — DEFINITIONS

1. In this Order:

a) "daily entitlement evaluation period" means the five month period commencing September 1st in each year and ending on January 31st in the following year;

b) "daily entitlement period" means the seven month period commencing February 1st in each year and ending on August 31st in that year.

c) "daily entitlement quota" means a base, expressed in litres of milk per day, allocated to a registered producer by the producer board for the purpose of calculating prices payable to the producer for regulated product delivered by him pursuant to a daily entitlement pricing policy established by the Board;

d) "dairy cows" means cows kept by a producer for the purpose of marketing milk from such cows;

e) "dairy year" means the twelve month period commencing August 1st in each year and ending July 31st in the following year;

f) "facility" means any building, structure, equipment or land used in connection with the production of the regulated product;

g) "immediate family" means an individual's grandfather, grandmother, father, mother, husband, wife, son, daughter, brother, sister, grandson, granddaughter, son-in-law, daughter-in-law, grandson-in-law and granddaughter-in-law;

h) "maintenance period" means the six month period commencing August 1st in each year and ending on January 31st in that dairy year;

i) "maximum quota" means a total allowable production quota equal to:

i) in the case of an individual proprietorship, 2,000 litres of milk per day,

ii) in the case of a partnership or body corporate, 2,000 litres of milk per day for each partner, member or shareholder actively engaged in the production of milk, but no greater than 8,000 litres of milk per day in aggregate;

j) "multi family unit" means two or more persons who keep dairy cows, in partnership, or in circumstances where there is a sharing by them, whether familial, communal or otherwise, of facilities, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm or individual;

k) "new producer" means a recently registered producer who:

i) has not had a total allowable production quota allotted to him during the immediate preceding six month period, and

ii) who has been designated by the Board as a new producer,

provided that such designation shall only be valid during the portion of the first daily entitlement evaluation period in which such producer markets milk and for the first two complete daily entitlement evaluation periods occurring thereafter, following which such designation shall terminate.

l) "quota" means a total allowable production quota or a daily entitlement quota, or both of the foregoing as the context may require;

m) "total allowable production quota" means a base, expressed in litres of milk per day, allotted to a registered producer by the Board for the purpose of calculating monthly overproduction levies payable to the Board by the producer;

## PART II — ALLOCATION OF QUOTA

**Application for Total Allowable Production Quota**

2.(1) Persons wishing to engage in the marketing of milk may make application to this Board for an allotment of a total allowable production quota. Every application shall be in writing in a form prescribed by this Board and must be signed by the applicant and forwarded to the head office of this Board at 104-1580 Dublin Avenue, Winnipeg, Manitoba.

(2) Each applicant for an allotment of a total allowable production quota must meet the following criteria:

(a) the applicant must be the registered owner or the sole operator of a dairy farm that meets all of the requirements for buildings, equipment, operation, and herd health set out in Part X of the Regulations made under The Dairy Act,

(b) the applicant must enter into satisfactory agreements or otherwise agree to pay to this Board the transportation charges to be applied to his deliveries basis minimum distance, minimum volume, minimum daily and minimum monthly pick-up charges established by this Board from time to time, and

(c) if the applicant is a new producer, the applicant must be entitled to be allotted a total allowable production quota of at least 300 litres of milk per day.

## PART III — QUOTA LISTS

**List to Indicate Quota**

3.(1) Subject to the provisions of this Order, each registered producer shall be entitled to a total allowable production quota equal to the number of litres of milk shown opposite his name on the list of registered producers approved by the Board on the 8th day of November, 1985, as same may be amended by resolution of the Board from time to time to reflect additions or deletions to same.

(2) The Board may also, by resolution, amend the list referred to in subsection (1) hereof from time to time to increase or decrease the total allowable production quota of registered producers on a pro rata basis, or on such other basis as may be determined by the Board, to reflect the share of the estimated Canadian requirements for milk available for production in Manitoba in any period of time, or to otherwise distribute equitably among registered producers a share of the market for milk anticipated to be produced in Manitoba not otherwise allocated to registered producers.

## PART IV — REDUCTION OR CANCELLATION OF QUOTA

**Undermarketings**

4.(1) A registered producer who fails to market through the Board during the first half of a dairy year commencing August 1st in each year and ending January 31st in the following year a quantity of milk equal to 85% of that permitted under his total

allowable production quota shall have his total allowable production quota reduced for the subsequent dairy year to 1/365 of the sum of an amount equal to 117.6% of the actual deliveries made by the producer during the period August 1st to January 31st plus 100% of the total allowable production quota allotted to him for the period February 1st to July 31st; provided however that the Board may, by resolution, from time to time lessen the impact of the above provision on a producer on such terms as it may deem suitable.

(2) The total allowable production quota of a registered producer may be reduced for the balance of a dairy year if such producer's marketings during such dairy year are such that the Board anticipates that such producer will not market a quantity of milk during that dairy year equal to the total amount of milk he is entitled to deliver pursuant to his total allowable production quota.

(3) During the first five months of each dairy year, in the event a registered producer's marketings of regulated product to or through the Board during any such month are less than that permitted under his total allowable production quota, he shall be permitted to "carry forward" any such shortfall up to and including January 31 of such period of time, and deliver an amount of regulated product equal to his aggregate total allowable production quota for such period of time.

(4) At the conclusion of the first six months of a dairy year, in the event a registered producer's marketings of regulated product to or through the Board are less than his total allowable production quota during such six month period, or during any month thereafter, such producer may only "carry forward" any portion of such shortfall as may be permitted by the Board in accordance with the carry forward policies of the Board in effect from time to time during that dairy year.

(5) Where a registered producer fails to market milk through the Board for two consecutive calendar months, the total allowable production quota allotted to such producer may be cancelled by this Board.

**Establishment of Daily Entitlement Quota**

5.(1) A registered producer's daily entitlement quota during each daily entitlement period shall be established by this Board from time to time based upon the average daily marketings of milk by that producer to this Board during the preceding daily entitlement evaluation period.

(2) A registered producer's daily entitlement quota for payment purposes shall never exceed his total allowable production quota. The daily entitlement quota of a new producer shall be not less than 90% of his total allowable production quota.

**Exceptions**

6. The Board may exempt a registered producer from any of the provisions of sections 4 or 5, or otherwise modify the impact of same if such registered producer:

(a) has received permission from the Board in writing, because of major repairs and/or renovations to his facility, to temporarily curtail milk marketing, provided a written application for such permission has been received by this Board at least one month in advance of the commencement of such major repairs and/or renovations, or

(b) was unable to market all of his milk during the daily entitlement evaluation period because such milk did not meet the standards established by this Board for acceptable milk, provided satisfactory proof as to the quantum

of such milk and its disposal is submitted to the Board in writing prior to March 1st following such daily entitlement evaluation period, or

(c) was unable to market an amount of milk equal to his daily entitlement quota because of a catastrophe. For the purpose of this clause a catastrophe must be a situation over which the producer has little or no control and which suddenly affects the production of his dairy cows. A catastrophe may include a severe illness or the death of a principal day to day operator of the milk production business, the sudden death of a significant portion of a dairy herd, the destruction of a producer's facilities by fire or some other cause beyond his control, a severe infection of the dairy cows in his herd of an uncontrollable disease or disease which requires the slaughter of the dairy cows by public health authorities. The producer must apply to the Board in writing as soon as reasonably possible following such event, or

(d) has otherwise obtained permission from the Board in writing to reduce his marketings for a period of time, subject to such terms and conditions as the Board may establish at the time such permission is granted.

**Other Reduction or Cancellation of Quota**

7. The Board may cancel a quota in the event of the death of a registered producer, the winding up or dissolution of a registered producer that is a corporation, or the dissolution of a registered producer that is a partnership.

8. The quotas of a person shall be automatically cancelled in the event he ceases to be a registered producer.

9. The Board may suspend, reduce or cancel, either on a temporary basis or on a permanent basis, a quota:

(a) as set out in this Order; or

(b) where a producer has failed to comply with the Regulations, Orders, or directives of the Board; or

(c) where a producer has failed to comply with the Regulations under The Dairy Act, or where his dairy farm fails to meet the requirements for buildings, equipment, operation, and herd health set out in Part X of the Regulations made under The Dairy Act; or

(d) where a producer delivers milk that does not meet the standard of acceptable milk as defined by an Order of the Board; or

(e) where a producer has entered into a contract or agreement that would deprive him of his right to the proceeds from the marketing of milk produced by his dairy cows; or

(f) where a producer becomes insolvent or bankrupt or applies for a receiving order or has such an order made against it or takes any benefit from any Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to the dairy cows or facilities used by a producer; or

(g) if the Board has reasonable grounds for believing that such action is in the interests of Manitoba producers and the milk industry.

## PART V — PROHIBITIONS

**Prohibitions**

10. Subject to the provisions of Part IX hereof,

(a) no person shall market milk unless he has been allotted a total allowable production quota by the Board; and

(b) no person to whom a total allowable production quota has been allotted shall keep dairy cows other than in or on a facility that has been approved by the Board for such purpose.

## PART VI — GENERAL

**Acquisition of Interests in Excess of Maximum Quota Prohibited**

11. Notwithstanding anything herein contained, but subject to section 12 hereof, the Board will take appropriate action to prevent an individual from acquiring control of or acquiring a direct or indirect interest in total allowable production quotas in excess of 2,000 litres of milk per day, and to prevent a partnership or body corporate from acquiring control of or acquiring a direct or indirect interest in total allowable production quotas in excess of 2,000 litres of milk per day for each partner, member or shareholder actively engaged in the production of milk, to a maximum of 8,000 litres of milk per day.

**Departure of a Partner or Shareholder in a Registered Producer**

12. Nothwithstanding section 11 hereof, but subject to compliance with Parts VII and IX hereof, the Board may:

(a) allow an individual proprietorship to have a total allowable production quota in excess of 2,000 litres of milk if that individual was a partner in a partnership that was entitled to a total allowable production quota in excess of 2,000 litres of milk, and the total allowable production quota of the partnership was re-allotted by the partnership to that individual pursuant to Part VIII hereof; and

(b) allow a partnership or body corporate that is a registered producer to have a total allowable production quota in excess of 2,000 litres of milk per day for each partner, member or shareholder actively engaged in the production of milk, if a member of that partnership or a shareholder in that body corporate ceases to be actively engaged in the production of milk or ceases to be a member of that partnership or a shareholder of that body corporate and the Board waives the provisions of subsection 15(1) hereof.

**Step Transactions Prohibited**

13. Notwithstanding anything herein contained, the Board will take appropriate action to prevent a person from acquiring control of, or acquiring a direct or indirect interest in total allowable production quotas through a process that involves more than one application to the Board, or that does not disclose to the Board, in conjunction with an application to the Board for any re-allotment of quota pursuant to Part VIII hereof or for a waiver of the provisions of subsection 15(1) hereof, particulars of all contemplated or proposed future transactions which may involve a subsequent re-allotment of quota or a future change in the legal or beneficial ownership of an entity.

## PART VII — CHANGES IN BENEFICIAL OWNERSHIP OF AND ASSOCIATION OF REGISTERED PRODUCERS

**Special Definitions**

14. In this Part,

(a) "controlling party" means a person who directly or indirectly is the legal

or beneficial owner of an aggregate of more than 50% of any class of the issued shares of, assets of, or interest in an entity;

(b) "entity" includes an association, partnership, body corporate, trust or other organization;

(c) "substantial holder" means a person who directly or indirectly is the legal or beneficial owner of an aggregate of 10% or more of any class of the issued shares of, assets of, or interest in an entity;

(d) "transfer" includes a sale, purchase, mortgage, declaration of trust, or any change in legal or beneficial ownership or rights whatsoever.

**Transfers by a Substantial Holder**

15.(1) In the event all or part of the beneficial or legal ownership of an interest of a substantial holder in an entity that is a registered producer is transferred by the legal or beneficial owner of such interest, the Board may cancel or reduce the quotas of such registered producer unless the parties to such transfer have requested in writing that the Board waive this provision and have each provided the Board, by Statutory Declaration and Certificate in a form acceptable to the Board, with full particulars of the proposed transfer, and any other information with respect to the assets and liabilities of an entity at the effective date of such transfer, and the Board has in its discretion waived this provision either conditionally or unconditionally.

(2) Subject to the provisions of section 12 hereof, the provisions of subsection (1) will not be waived by the Board if the Board has reasonable grounds for believing that as a result of such transfer a person would have a direct or indirect interest in a total allowable production quota or quotas for any dairy year which aggregate in excess of maximum quota.

**Bankruptcy or Receivership of a Controlling Party**

(3) In the event a controlling party in an entity that is a registered producer becomes bankrupt or applies for a receiving order or has a receiving order made against it or takes the benefit of an act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to any interest of the controlling party in such registered producer, the Board may cancel or reduce the quotas of such registered producer unless the registered producer requests in writing that the Board waive this provision and provides the Board, by statutory declaration and certificate in a form acceptable to the Board, with full particulars of such happening and the Board has in its discretion waived this provision either conditionally or unconditionally, provided however that the Board will only waive such discretion on a temporary basis, and on terms and conditions, in order to allow the Trustee in Bankruptcy or Receiver reasonable time to dispose of such interest, and in doing so the total allowable production quota allotted to the registered producer will be subject to a reduction of 20%.

**False or Misleading Information**

(4) In the event that the Board has reasonable grounds for believing that any information provided to it by Statutory Declaration or Certificate is false or misleading, or that any conditions established by the Board in waiving the provisions of subsection (1) or subsection (3) have not been met by the parties, the Board may cancel or reduce the quotas of the registered

producer whether or not the provisions of subsection (1) or subsection (3) have been previously waived by the Board.

**Dispensing with Financial Information**

16. The Board may establish policies from time to time reducing its requirements with respect to financial information to be submitted under subsection 15. (1):

(a) with respect to the transfer of shares of a corporation;

(i) from an individual to a member of his immediate family, or

(ii) listed on a public stock exchange unless 10% or more of the total outstanding shares of that class of the corporation are transferred, provided that this clause does not apply in respect of a series of transfers of shares within a period of eighteen (18) months by or to any one person that in the aggregate total 10% or more of the outstanding shares of that class of the corporation; and

(b) with respect to a change in the beneficial or legal ownership of an interest in a partnership that is a registered producer where the legal or beneficial ownership of an interest in such partnership is transferred from an individual to a member of his immediate family; and

(c) with respect to a change in the membership of a Hutterite Colony where that Hutterite Colony is a registered producer or is the sole legal and the sole beneficial owner of all of the issued shares of a corporation that is a registered producer.

**Association**

17.(1) In this Part a person is deemed to be associated with another person if:

(a) one person is an entity of which the other person is an officer, director or substantial holder; or

(b) one person is an entity of which the other person is a partner; or

(c) one person is an entity that is controlled, directly or indirectly, by the other person; or

(d) both persons are entities and one entity is controlled, directly or indirectly, by the same individual or entity that controls, directly or indirectly, the other person; or

(e) both persons are members of a voting trust where the trust controls or operates or has an interest in the other person; or

(f) both persons are associated within the meanings of clauses (a) to (e) with the same person.

(2) In the event that a registered producer becomes associated with another registered producer, the Board may cancel or reduce the quotas of such registered producers unless the registered producers have requested in writing that the Board waive this provision and have each provided the Board, by Statutory Declaration and Certificate in a form acceptable to the Board, with full particulars of all persons having a direct or indirect interest in such registered producers and the Board has in its discretion waived this provision either conditionally or unconditionally.

(3) The provisions of subsection (2) will not be waived by the Board if the Board has reasonable grounds for believing that as a result of such association a person would have a direct or indirect interest in a quota or quotas which aggregate in excess of maximum quota.

(4) In the event that the Board has reasonable grounds for believing that any information provided to it by Statutory Declaration and Certificate is false or misleading, or that any conditions established by the Board in waiving the provisions of subsection (2) have not been met by the parties, the Board may cancel or reduce the quota of the registered producers whether or not the provisions of subsection (2) have been previously waived by the Board.

**PART VIII — RE-ALLOTMENT OF TOTAL ALLOWABLE PRODUCTION QUOTA**

**Re-allotment to Non-Related Persons**

18. This section reserved for future use

19. This section reserved for future use

**Bankruptcy or Receivership**

20. Notwithstanding clause 9 (f) hereof, where a person who is a registered producer becomes a bankrupt or applies for a receiving order or has such an order made against him or takes the benefit of any Act for the time being in force for the relief of insolvent debtors, or if a receiver is appointed with respect to the dairy cows or production assets of a registered producer, the Board may, upon written request of the Trustee of Bankruptcy or the Receiver, temporarily re-allot to the Trustee in Bankruptcy or Receiver the quotas allotted to such producer upon terms and conditions as may be established by the Board at the time of such temporary re-allotment. In approving such temporary re-allotment, the total allowable production quota temporarily re-allotted to such Trustee in Bankruptcy or Receiver will be subject to a reduction of 20%.

**Death, Disability or Retirement**

21. In the event of the death, disability or retirement of an individual who is a registered producer, the Board may, on written request of such registered producer or of the personal representative of such deceased registered producer, re-allot such registered producer's quotas to an heir or designated member of such registered producer's immediate family without the necessity to provide the Board with an appraisal of the registered producer's dairy cows and facility or confirmation of any sale and purchase consideration. The individual to whom the quotas are re-allotted will not, for the purposes of this Order, be considered a new producer.

**Establishment of Partnership**

22. Where an individual who is a registered producer enters into a partnership with a member of his immediate family, the Board may, on written request of such registered producer, reallot such registered producer's quotas to such partnership without the necessity to provide the Board with an appraisal of the registered producer's dairy cows and facility or confirmation of any sale and purchase consideration. The partnership to whom the quotas are re-allotted will not, for the purposes of this Order, be considered a new producer.

**Incorporation**

23. Where an individual who is a registered producer incorporates a corporation controlled by himself and/or members of his immediate family, or where partners who are registered producers incorporate a corporation owned by themselves in the same proportion as they owned interests in the partnership, the Board may, on

written request of such registered producer, re-allot such producer's quotas to such corporation without the necessity to provide the Board with an appraisal of the registered producer's dairy cows and facility or confirmation of any sale and purchase consideration. The corporation to whom the quotas are re-allotted will not, for the purposes of this Order, be considered a new producer.

**Partial and Complete Re-allotment to Related Persons**

24. The Board may, upon application of a registered producer in writing, (herein called "the applicant") re-allot all or a portion of an applicant's total allowable production quotas to another person (herein called "the recipient") in the following circumstances.

(a) with respect to an individual applicant, where the recipient is a member of such applicant's immediate family;

(b) with respect to a partnership applicant, where all partners in the partnership are members of the same immediate family and where the recipient is a member of that immediate family;

(c) with respect to a corporation applicant, where all legal and beneficial shareholders in such applicant are members of the same immediate family and where the recipient is a member of such immediate family;

(d) with respect to a Hutterite Colony applicant (or a corporation applicant which is a wholly owned subsidiary of a Hutterite Colony) where the recipient, is a wholly owned subsidiary of such applicant, or a daughter-Hutterite Colony, or a corporation wholly owned by a daughter-Hutterite Colony. For the purpose of this provision a daughter-Hutterite Colony shall mean a Hutterite Colony recently created as a result of the division of the assets and the membership of a Hutterite Colony;

provided that no such re-allotment will be made until a recipient has established a facility of his own in which to keep dairy cows. The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board setting out the information specified therein and in the event that the Board has reasonable grounds for believing that any information provided in such Statutory Declaration is false or misleading, the Board may cancel or reduce the quotas in question, whether or not such quotas were re-allotted. The Board will not approve the re-allotment of a total allowable production quota pursuant to the above provisions if such re-allotment would result in the balance of a total allowable production quota retained by the applicant being less than 300 litres unless all of the total allowable production quota allotted to such applicant is re-allotted pursuant to the above provisions. The person to whom the quotas are re-allotted pursuant to the above provisions will not, for the purposes of this Order, be considered a new producer.

**Maximum Size**

25. Except as permitted by the Board under section 12 hereof, no quota will be re-allotted to an applicant corporation or partnership if:

(a) any beneficial shareholder of such applicant corporation or any beneficial owner of the assets of such applicant partnership is:

(i) a registered producer, or

(ii) a beneficial shareholder in a corporation which is a registered producer, or

(iii) a beneficial owner of the assets of a partnership which is a registered producer

that has been allotted a total allowable production quota or quotas which are equal to or aggregate in excess of maximum quota, or

(b) the Board has reasonable grounds for believing that as a result of such re-allotment a person would directly or indirectly control or have an interest in total allowable production quotas which aggregate more than maximum quota.

## PART IX — FACILITIES

**Quota to be Allotted for a Facility**

26. In alloting a quota to a registered producer, the Board may specify the facility in which the producer's dairy cows, or any portion of such dairy cows, must be kept.

**Standards for Facilities**

27. It is a condition of the allotment of a quota to any registered producer that the facilities of that producer shall at all times meet all of the requirements for buildings, equipment, operation and herd health for dairy farms as set out in Part X of the Regulations made under The Dairy Act.

**Examination of Facilities**

28. It is a condition of the allotment of quota to a registered producer that such registered producer allow any duly authorized representative of the Board to examine his facility from time to time.

## PART X

29. This Order is subject to the provisions of section 28 and subsection 29.(2) of the Plan which presently reads as follows:

"Association

28. Where two or more persons keep dairy cows in partnership, or in circumstances in which there is a sharing by them whether familial, communal or otherwise, of facilities, equipment, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm or individual, for the purposes of this Plan and the regulations and orders made by the producer board, the dairy cows kept by one of those persons shall be deemed to have been kept by the other or others."

"Exemptions

29.(2) This regulation does not apply to:

(a) milk which is used by the producer of that milk for consumption or to manufacture or produce products which are consumed by that producer and his immediate family or any one of them, and

(b) cream separated from milk on the farm on which the milk is produced and the cream is sold for manufacture into butter, and

(c) milk produced and processed by the University of Manitoba or the Rockwood Institution."

**Repeal**

30. Sections 11 and 12 of Order 1/74, being Manitoba Regulation 246/74, as amended by Manitoba Regulation 233/81, are repealed.

**Effective Date**

31. This Order shall come into force on the date it is filed with the Registrar of Regulations.

IN WITNESS WHEREOF the seal of The Manitoba Milk Producers' Marketing Board is hereon impressed, duly attested by the hands of its proper officers on that behalf this 8th day of November, 1985.

THE MANITOBA MILK
PRODUCERS MARKETING BOARD
Per:

*"Art V. Rampton"*
Chairman

*"Clarence Vincent"*
Secretary

Approved by The Manitoba Natural Products Marketing Council this 20th day of November, 1985.

THE MANITOBA NATURAL
PRODUCTS MARKETING COUNCIL
Per:

*"David Gislason"*
Chairman

*"Gordon H. MacKenzie"*
Secretary

Printed by the Queen's Printer for the Province of Manitoba

## Manitoba Regulation 258/85

*Being Regulation 2/85 of The Manitoba Milk Producers' Marketing Board made under The Manitoba Milk Producers' Marketing Plan being Manitoba Regulation 185/84 (herein called the "Plan") and The Natural Products Marketing Act*

*(Filed December 6, 1985)*

Dairy Promotion Fees Regulation Amendment

1. Section 1 of Manitoba Regulation 90/75 as amended by Manitoba Regulation 121/85 is hereby repealed and the following section substituted therefor:
   "1. A fee is imposed on each producer of 52 cents for each hectolitre of milk produced by him."

2. Manitoba Regulation 159/84 and 121/85 are repealed.

3. This regulation shall come into force on the first day of January, 1986, or on the day it is filed with the Registrar of Regulations, whichever is the later.

In witness whereof the seal of The Manitoba Milk Producers' Marketing Board is hereon impressed, duly attested by the hands of its proper officers in that behalf on the 7th day of November, 1985.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD,
Per:

*"Art Rampton"*
Chairman

*"C. W. Vincent"*
Secretary

Appoved by The Manitoba Natural Products Marketing Council this 5th day of December, 1985.

THE MANITOBA NATURAL
PRODUCTS MARKETING COUNCIL,
Per:

*"David Gislason"*
Chairman

*"Gordon A. MacKenzie"*
Secretary

Printed by the Queen's Printer for the Province of Manitoba

## Manitoba Regulation 221/86

*Being Order 1/86 of The Manitoba Milk Producers' Marketing Board (herein called the "Board") made under The Manitoba Milk Producers' Marketing Plan (herein called the "Plan") being Manitoba Regulation 185/84 and The Natural Products Marketing Act.*

*(Filed September 29, 1986)*

**Milk Marketing Quota Order, Amendment**

1 Order 2/85 of the Board, being Manitoba Regulation 247/85, is amended by deleting clause 1.(i) and substituting therefore the following:

"(i) "maximum quota" means a total allowable production quota equal to:

— 3,500 litres of milk per day in the case of a partnership or body corporate where more than one partner, member, or shareholder of the entity is actively engaged in the production of milk, and

— 2,000 litres of milk per day in all other cases;"

2 The said Order is further amended by adding thereto, immediately following subsection 3.(2) the following subsections:

"**Rules Applying to Maximum Quota**

(3) Notwithstanding anything set out in subsections (1) and (2), the total allowable production quota allocated to a registered producer shall not exceed maximum quota, provided that if a registered producer,

(i) has been allocated a total allowable production quota in excess of maximum quota by the Board prior to the 8th day of November, 1985, or

(ii) has, as permitted pursuant to section 12 of this Order, been re-allotted a total allowable production quota in excess of maximum quota or, has been permitted to acquire an interest of a substantial holder in an entity that has been allotted a total allowable production quota in excess of maximum quota or, has been allowed to maintain a total allowable production quota, such limitation shall not apply to such registered producer, but, notwithstanding anything else contained in this Order, such producer shall not be entitled to an increase in his total allowable production quota.

**Association and Maximum Quota**

(4) Where two or more persons keep dairy cows in partnership, or in circumstances in which there is a sharing by them whether familial, communal, or otherwise, of facilities, equipment, labour or services provided directly or indirectly by all or any of them, or pursuant to a contract jointly or severally with the same corporation, firm, or individual, for the purposes of subsection (3) hereof the quotas allotted to one of those persons shall be deemed to have been allotted to the other or others.

**Quotas Owned by Board**

(5) Quotas are the property of the Board.

**Quotas Not Transferrable by Producer**

(6) No person shall transfer, assign, or sell a quota to another person. No person shall offer to transfer, assign, or sell a quota to another person, or receive payment for a quota, or offer to buy a quota from a producer, or make a payment to a producer for a quota."

3 The said Order is further amended by repealing sections 11 and 12 and substituting therefore the following:

**"Acquisition of Interests in Excess of Maximum Quota Prohibited**

11 Notwithstanding anything herein contained, but subject to section 12 hereof, the Board will take appropriate action to prevent a person from acquiring control of or acquiring a direct or indirect interest in total allowable production quotas in excess of maximum quota.

**Exception for Grandfathered Operations, and Depature of a Partner or Shareholder Creating a Grandfathered Operation**

12 Notwithstanding section 11 hereof, but subject to compliance with Parts VII and VIII hereof, the Board may:

(a) re-allot quotas in excess of maximum quota under Part VIII to a person who does not have a direct or indirect interest in a quota at the time of such re-allotment; and

(b) suspend the provisions of subsection 15.(2) hereof if the proposed new beneficial or legal owner does not have a direct or indirect interest in a registered producer at the time of the transfer of the beneficial or legal ownership to him; and

(c) suspend the provisions of subsection 15.(2) hereof with respect to a registered producer which was a partnership or body corporate with more than one partner, member, or shareholder actively engaged in the production of milk on the eighth day of November, 1985 and had been allocated a total allowable production quota in excess of 2,000 litres of milk per day, where one of the partners, members, or shareholders of such registered producer ceases to be actively engaged in the production of milk or ceases to be a member of that partnership or a shareholder of that body corporate, in order to permit the registered producer to maintain such allocations in excess of maximum quota."

4 The said Order is further amended by repealing section 13 and substituting therefore the following:

"**Frequent Applications Prohibited**

13 In the event the Board re-allots a producer's quota pursuant to section 18 hereof, or approves a change in the beneficial or legal ownership of an interest of a substantial holder in an entity that is a registered producer pursuant to the provisions of subsection 15.(1) hereof, or approves the association of persons who are registered producers pursuant to subsection 17.(1) hereof, it is a condition of such re-allotment or such approval that the applicants acknowledge that only in the event of an unforeseen contingency will a subsequent application with respect to such quota or such registered producer be considered by the Board for a period of at least two years following such re-allotment or approval."

5 The said Order is further amended by deleting therefrom section 18 including its heading, and section 19, and substituting therefore the following:

"**Complete Farm Sales**

18 (1) In the event a registered producer sells the land, buildings, and equipment used by him for producing and marketing milk (herein called the "dairy unit"), the Board may re-allot such producer's quotas to any purchaser provided it is satisfied that no value has been attributed to such quotas directly or indirectly through enhanced prices paid for such dairy unit or any other assets included in such transaction (including any dairy cows).

In applying this provision the Board may require an appraisal of the dairy unit by a qualified appraiser to ascertain the fair market value of the dairy unit, using an appraisal method or methods approved by the Manitoba Council, such costs to be borne by the applicant(s).

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board confirming the sale and purchase consideration (both direct and indirect). All agreements between the registered producer and the purchaser (including a detailed listing of all assets included in such sale) shall be appended to such Statutory Declaration.

In the event that the Board has reasonable grounds for believing that any information provided in such Statutory Declaration is false or misleading, the Board may cancel or reduce the quotas in question, whether or not such quotas were re-allotted.

The purchaser of the dairy unit will be required to give to the Board a written undertaking, in a form satisfactory to the Board, to provide the Board with proof of registration of ownership of the entire dairy unit in his name within one (1) year of the temporary re-allocation of quotas by the Board to him, and to maintain legal and beneficial ownership of the dairy unit for a minimum of two (2) years after completion of registration of ownership of the dairy unit in his name. In the event the Board has reasonable grounds for believing that such undertaking has not been adhered to by the purchaser, the Board may cancel or reduce the quotas in question, whether or not such quotas were re-allotted.

**Lease of a Complete Farm**

(2) In the event a registered producer leases the land, buildings, and equipment used by him for producing and marketing milk (herein called the "dairy unit"), for a term not to exceed two (2) years in length, the Board may temporarily re-allot such producer's quotas to any lessee for the term of the lease provided that it is satisfied that no value has been attributed to such quotas and no more than fair market rental for such facility is being paid under the lease arrangement directly or indirectly for the lease of such dairy unit, or any other assets included in such lease (including any transaction with respect to dairy cows).

In applying this provision the Board may require an appraisal of the dairy unit to ascertain the fair market rental of the dairy unit using an appraisal method or methods approved by the Manitoba Council, such cost to be borne by the applicant(s).

The applicants will each be required to provide a Statutory Declaration in a form acceptable to the Board confirming the rental consideration (both direct and indirect). All agreements between the registered producer and the lessee (including a detailed listing of all assets included in such lease) shall be appended to such Statutory Declaration. In the event that the Board has reasonable grounds for believing that any information provided in such Statutory Declaration is false or misleading, the Board may cancel or revoke the quotas in question, whether or not the quotas were temporarily re-allotted.

At the end of the lease term such quotas will automatically be re-allotted by the Board back to the lessor. Any extension or renewal of a term of a lease will be treated as a new lease.

**Retirement and Quota Redistribution System**

19 A producer may from time to time request that the Board cancel all or a portion of the quotas allocated to him in accordance with the procedure set out in Schedule "A" hereto. The Board shall re-allocate any such quota in accordance with the procedure set out in Schedule "A" hereto."

6 The said Order is further amended by adding thereto, immediately following section 31 thereof, the following schedule:

**"Schedule "A" to The Milk Marketing Quota Order Retirement and Quota Reallocation System (Section 19)**

**Retirement and Quota Reallocation Committee**

1 The Retirement and Quota Reallocation System will be administered by a Retirement and Quota Reallocation Committee, consisting of two senior employees designated by the Board. Staff of the Manitoba Council will act as observers and auditors of the monthly reallocation process. The Committee will be responsible for receiving requests to cancel and requests to reallocate quota, entering such requests into the computer program of the Board for the recording of such requests, processing such requests on each Reallocation Day, and reporting the results to the Board. The Committee will also be responsible for maintaining waiting lists for reallocation of quota without the necessity to pay an administration fee. The members of the Committee and the staff of the Manitoba Council acting as observers and auditors of the System shall not disclose any information on any individual request except as may be necessary to cancel and to reallocate quota as a result of accepted requests or as otherwise set out in this Schedule.

**Use of Administration Fees (Quota Reallocation Fund)**

2 All administration fees paid to the Board by producers in conjunction with the Retirement and Quota Reallocation System shall be credited to a fund (the Quota Reallocation Fund). The Fund shall be used to pay retirement allowances to producers whose requests for cancellation of quota have been accepted.

Administration fees paid to the Board in connection with the reallotment of quota in excess of the retirement allowances provided to producers on a Reallocation Day in conjunction with the cancellation of such quota (retirement allowances will only be paid on 50% of the quota cancelled) will be used firstly to create a reserve in the Fund (which reserve shall not be permitted to exceed $25,000.00 at any time) and secondly to provide retirement allowances in connection with the cancellation of quota on that Reallocation Day in order to reallocate quota to persons who have requested such reallocation of quota without the necessity to pay an administration fee. In the event acceptable requests for cancellation of a sufficient quantity of quota are not available on that Reallocation Day, any balance in the Fund will be held by the Board and will be carried forward to the next month and will be available for such purpose on the subsequent Reallocation Day.

The reserve in the Fund will be used by the Board from time to time to supplement the retirement allowances payable to producers when the administration fees available from producers in conjunction with requests for reallocation of quota are at a level less than the maximum retirement allowance per litre calculated in accordance with clause 7.(a) of this Schedule. The reserve in the Fund shall not be used to supplement retirement allowances to a level in excess of the maximum retirement allowance calculated in accordance with clause 7.(a) of this Schedule.

**References to Administration Fees and Retirement Allowances**

3 In this Schedule, and in all notices and explanations associated with the Retirement and Quota Reallocation System, all references to administration fees, and all references to retirement allowances shall be expressed or shall be assumed to be expressed on a per litre of total allowable production quota basis.

Each administration fee offered under the System must be paid on each litre of quota reallocated under the System.

Each retirement allowance provided by the Board under the System will be provided on 50% of the litres of total allowable production quota cancelled under the System. In the event such calculation results in the retirement allowance being provided on a fraction of a litre, the retirement allowance will be provided on such fraction as if it was a whole litre.

**Method of Giving Notice Requesting Cancellation of Quota**

4 A registered producer who wishes to participate in the Retirement and Quota Reallocation System and to retire in whole or in part from the milk marketing system established under the Plan may notify the Board of this intention by requesting that the Board cancel all or a portion of the quota allocated to him. Any such request shall be made in the form prescribed by the Board and approved by the Manitoba Council for such purpose.

Upon receipt of a request for cancellation of quota, such request will be examined for validity and completeness by a member of the Retirement and Quota Reallocation Committee. Proper requests will be entered into the Board's computer program for the processing of such requests on the next Reallocation Day in the order of receipt in the Board's office.

In the case of an omission or defect in a request for cancellation received by the Board, the staff of the Board will not be permitted to make any changes or additions to such request, and the request will be rejected. A member of the Committee shall contact such applicant to advise him of such rejection. The fact that an application is rejected shall not preclude a producer from submitting a replacement application.

A producer who wishes to change the particulars of a request for cancellation, or to rescind a request for cancellation, after it has been entered into the Board's computer program, must do so in writing, by submitting a notice to change or a notice to rescind the request in the form prescribed by the Board and approved by the Manitoba Council for such purpose.

Any notice requesting cancellation of quota and any notice to change or notice to rescind a request must be received by the Board before 4:00 P.M. on the last working day before the 12th day of the month in order to be entered in that month.

**Limits on Requesting Cancellation of Quota**

5 Requests for cancellation of a portion of a quota allocated to a producer will not be entered in the Board's computer program if the acceptance of such request would result in the remaining quota allocated to the producer being reduced to a level below 300 litres. A producer who wishes to have the quota allotted to him reduced to less than 300 litres must request cancellation of the entire quota allocated to him.

The minimum amount of quota for which a producer may make a request for cancellation is ten (10) litres, except in instances where a quantity of less than ten (10) litres is subject to reduction under section 4 of Part IV of this Order (under-marketings), in which case a producer may request cancellation of such lesser amount on the Reallocation Days occurring during the months of March to July, both inclusive.

Requests for cancellation of quota and requests for re-allocation of quota submitted by the same producer for the same month will not be accepted.

**Ineligibility for Retirement Allowance**

6 Any producer who has received a reallocation of quota under the Retirement and Quota Reallocation System will not be eligible to receive a retirement allowance in connection with the cancellation of the equivalent amount of quota under the System if the entire quota allotted to such producer is cancelled within twelve (12) months of such allocation to him. In the event a producer requests the cancellation of the entire quota allotted to him during such twelve (12) month period, such equivalent amount of quota shall be debited against the amount of quota set out in the request, so that the producer will only be entitled to receive a retirement allowance with respect to 50% of the balance of such quota, and the quota so debited shall be redistributed to other producers in accordance with the procedures referred to in clause 9.(b) of this Schedule.

A person who receives an allotment of 300 litres of quota under subclause 9.(b)(ii) of this Schedule will be required to utilize such quota for a minimum of three (3) years before becoming eligible to request cancellation of such quota under the System and to receive a retirement allowance in connection with the cancellation of such quota.

**Method of Calculating Retirement Allowance Re Cancellation of Quota**

7 In accepting a request under the Retirement and Quota Reallocation System from a producer for cancellation of all or a portion of the quota allocated to him, the Board will provide to such producer a retirement allowance with respect to 50% of the litres of quota cancelled by the Board using funds in the Quota Reallocation Fund, calculated on the basis set out in this section.

A producer who requests the cancellation, under the System, of all or a portion of the quota allocated to him, must specify one of the following methods for calculating the retirement allowance per litre of quota to be provided to him:

(a) The maximum retirement allowance per litre in effect at the date on which his request for cancellation of quota was accepted by the Board. This maximum rate per litre will be calculated on the basis of the most recent six month average pool price per litre for milk within total allowable production quota and within daily entitlement quota (before any deductions whatsoever) for which data is available, times 305 days; or

(b) A lesser retirement allowance per litre, as specified by the producer in his request for cancellation (provided however such retirement allowance may be supplemented from the reserve in the Fund as set out in section 2 of this Schedule).

**Method of Giving Notice of Intention to Request Reallocation of Quota**

8 A person who wishes to receive an allocation or an additional allocation of quota under the Retirement and Quota Reallocation System must notify the Board as follows:

(a) In the case of a registered producer, by completing and signing a request for reallocation of quota in a form prescribed by the Board and approved by the Manitoba Council for such purpose and submitting same to the Board. In conjunction with and accompanying such request, the applicant must submit a separate cheque payable to the Board representing the full amount of the administration fee he proposes to pay in connection with each request for reallocation dated no later than the proposed Reallocation Day. No more than three requests for reallocation may be submitted by any producer in the same month. Such proposed administration fee must be expressed in terms of dollars and cents per litre on the request for reallocation. If a cheque accompanying a request cannot be negotiated following Reallocation Day due to insufficient funds, such request will be rejected, even if it was initially accepted on that Reallocation Day.

If a request for reallocation of quota can be partially accepted, a member of the Retirement and Quota Reallocation Committee shall immediately notify the producer of the administration fee payable with respect to such reallocation and such amount must be paid to the Board within seven days of such notification, by cash or by certified cheque, or such request will be rejected in total.

In the case of an omission or a defect in a request for reallocation received by the Board, the staff of the Board will not be permitted to make any changes or additions to such request, and the request will be rejected. A member of the Committee shall contact the applicant to advise him of such rejection. The fact that an application is rejected shall not preclude the producer from submitting a replacement application.

A producer who wishes to change the particulars of a request for reallocation, or to rescind a request for reallocation, must do so in writing, by submitting a notice to change or a notice to rescind the request in the form prescribed by the Board and approved by the Manitoba Council for such purpose.

Any notice requesting reallocation and any notice to change or rescind a request must be received by the Board before 4:00 P.M. on the last working day before the 12th day of the month in order to be entered that month.

Requests for reallocation of quota and requests for cancellation of quota submitted by the same producer for the same month will not be accepted.

(b) In the case of a registered producer and in the case of a person who wishes to become a registered producer, by requesting in writing, and in such form as the Board may prescribe for such purposes, that his name be added to one of the waiting lists of the Board for reallocation of quota without the necessity to pay an administration fee in connection with such request. The Committee will maintain one waiting list of registered producers and one waiting list for proposed registrants, each in the chronological order in which such written requests were received.

In the event several requests are received on the same day, the Committee will conduct a draw to determine the order in which such requests will be added to the appropriate waiting lists.

**Monthly Reallocation of Quota (Reallocation Day)**

9 On the 12th day of each month, or the first business day thereafter if the 12th day falls on a weekend or holiday, (Reallocation Day), the Retirement and Quota Reallocation Committee will process all requests to cancel quota and all requests for re-allocation of quota under the Retirement and Quota Reallocation System received prior to 4:00 P.M. on the previous working day.

The Board will accept such requests, and will cancel and reallocate quota in the mannner specified in this Schedule on the basis of:

(a) 50% of the total amount of quota cancelled will be reallocated to producers who have requested the reallocation of quota in the manner set out in clause 8.(a) of this Schedule (requests received with administration fees), in accordance with the level of administration fees offered in connection with such requests for reallocation, satisfying the requests which were accompanied by the higher administration fees first, subject to the minimum and maximum quantities specified in this section. In the event that the level of administration fees accompanying requests for reallocation is lower than the maximum retirement allowance rate established under clause 7.(a) of this Schedule, the Board will apply any available reserves in the Quota Reallocation Fund to allow for the acceptance of as many requests to cancel quota as possible in order to reallocate as much quota as possible under the System.

The minimum reallocation to a producer under this provision in any month shall be ten (10) litres of total allowable production quota. The maximum reallocation to a producer under this provision in any month shall be one hundred (100) litres of total allowable production quota. Such reallocations shall also be subject to the provisions of section 11 of this Schedule.

Producers may submit up to three requests in the same month under this provision for re-allotment of quota (minimum 10 litres per request, maximum 100 litres in total) at different proposed administration fees for each such request. Where more than one request is received from the same producer, the request accompanied by the higher administration fee will be processed first;

and

(b) 50% of the total amount of quota cancelled will be reallocated to producers who have requested the reallocation of quota in the manner set out in clause 8.(b) of this Schedule (requests received without administration fees) as follows:

i) 85% of such quota will be reallocated to registered producers who have applied for the reallocation of additional quota, in the order in which such requests were received by the Board, in allocations of 100 litres of total allowable production (or such lesser amount as may be requested by the producer in writing following notice of allocation to him under this provision), and

ii) 15% of such quota will be reallocated to applicants who have applied for the reallocation of quota, who are not registered producers at the time of such reallocation, and who have not been registered producers during the immediately preceding three years, also in the order in which such requests were received by the Board, in allocations of 300 litres of total allowable production quota.

Applicants who are reallocated quota pursuant to clause (b)(ii) above shall be eligible to request reallocation of additional quota in subsequent months pursuant to clause (b)(i) above.

Quota cancelled pursuant to requests for cancellation under the System which are accepted by the Board will be reallocated only as described in this section, and will not be available for distribution to existing producers in any other manner.

Such cancellations and such reallocations shall be effective on the first day of the month following Reallocation Day.

Quota cancelled pursuant to Part IV of this Order without a request for cancellation of quota under the System will be reallocated by the Board in the manner set out in clauses (a) and (b) above (no retirement allowance shall be payable in respect of such cancellation).

**Two Allocations Possible**

10 Registered producers shall be eligible both to receive a reallocation of quota with the payment of an administration fee (maximum 100 litres) and to receive a reallotment of quota without the payment of an administration fee (100 litres) on the same Reallocation Day under the procedure set out in section 9 of this Schedule.

**Maximum 12 Month Limits on Reallocation — Existing Producers**

11 The maximum reallocation which may be made to an existing producer under subsection 9.(a) of this Schedule in any twelve (12) consecutive month period shall be 200 litres of total allowable production quota.

In the same twelve (12) month period, each applicant registered producer will also be eligible to be allocated 100 litres of total allowable production quota in accordance with clause 9.(b)(i) of this Schedule, should he become eligible for such allocations on the basis set out in that clause.

**Publication of Information**

12 The Board will forward to each registered producer, in a form approved by the Manitoba Council, within 10 days following each Reallocation Day, the results of the reallocations, including a financial statement and a waiting list update."

7 This Order comes into force on the 1st day of October, 1986 or the date it is filed with the Registrar of Regulations whichever occurs first.

In witness whereof the seal of The Manitoba Milk Producers' Marketing Board is hereon impressed, duly attested by the hands of its proper officers in that behalf on the 18th day of September, 1986.

THE MANITOBA MILK PRODUCERS' MARKETING BOARD,
Per:

*"Arthur V. Rampton"*

Arthur V. Rampton,
Chairman

*"Clarence Vincent"*

Clarence Vincent,
Secretary

Approved by The Manitoba Natural Products Marketing Council this 18th day of September, 1986.

THE MANITOBA NATURAL PRODUCTS MARKETING COUNCIL,
Per:

*"David Gislason"*

David Gislason,
Chairman

*"Gordon H. MacKenzie"*

Gordon H. MacKenzie,
Secretary

Printed by the Queen's Printer for the Province of Manitoba

## Manitoba Regulation 224/86

*Being a Regulation under the Natural Products Marketing Act to amend The Manitoba Milk Producers' Marketing Plan, being Manitoba Regulation 185/84*

*(Filed October 9, 1986)*

1 Subsection 20(2) of Manitoba 185/84 is repealed and the following is substituted therefore:

(2) A quota allotted to a producer board is the property of the producer board. No person shall transfer, assign or sell a quota to another person. No person shall offer to transfer, assign, or sell a quota to another person, or receive payment for a quota, or offer to buy a quota from a producer, or make a payment to a producer for a quota."

2 This Regulation comes into force on the day it is filed with the Registrar of Regulations.

## Règlement du Manitoba 224/86

*Règlement d'application de la Loi sur la mise en marché des produits de la nature modifiant le Programme des producteurs manitobains pour la commercialisation du lait créé par le règlement du Manitoba 185/84*

*(Déposé le 9 octobre 1986)*

1 Le paragraphe 20(2) du règlement du Manitoba 185/84 est abrogé et remplacé par ce qui suit :

"(2) Le quota qu'attribue l'organisation de producteurs à un producteur demeure la propriété de celle-ci. Nul ne peut transférer, céder ni vendre un quota à une autre personnne. De plus, nul ne peut offrir de transférer, de céder ni de vendre un quota à une autre personne, recevoir un paiement en contrepartie d'un quota, offrir d'acheter un quota d'un producteur ou faire un paiement à un producteur pour un quota."

2 Le présent règlement entre en vigueur le jour de son dépôt auprès du registraire des règlements.

Printed by the Queen's Printer for the Province of Manitoba

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## THE MANITOBA MILK PRODUCERS' MARKETING BOARD
## STAFF MEMBERS

## DECEMBER, 1986

| | |
|---|---|
| Clarence W. Vincent | -- General Manager |
| Jack F. Sinnock | -- Controller |
| R. L. Seekings | -- Administrative Secretary |
| Arthur D. Meadows | -- Analyst |
| Alan S. Forrest | -- Supervisor, Data Processing |
| Olga Komoski | -- Programmer, Data Processing |
| Enrique M. Magat | -- Audit Accountant |
| Marilyn E. Adam | -- Director, Fluid Milk Program |
| Patricia A. McCarthy Briggs | -- Director, Nutrition Education |
| Audrey J. Gale | -- Director, School Milk Program |
| Bette-Lea Fraser | -- Co-ordinator, School Milk Program |
| Wayne R. English | -- Supervisor, Producer Relations |
| Raymond M. Rudy | -- Supervisor, Transportation |
| John R. Breckman | -- Dispatcher, Transportation |
| Karen A. Bergmann | -- Clerk-Typist |
| Kim R. Piatt | -- Receptionist |
| Marion M. Burgess | -- Key Punch Operator (part-time) |
| Dorothy C. Schade | -- Nutritionist (part-time) |